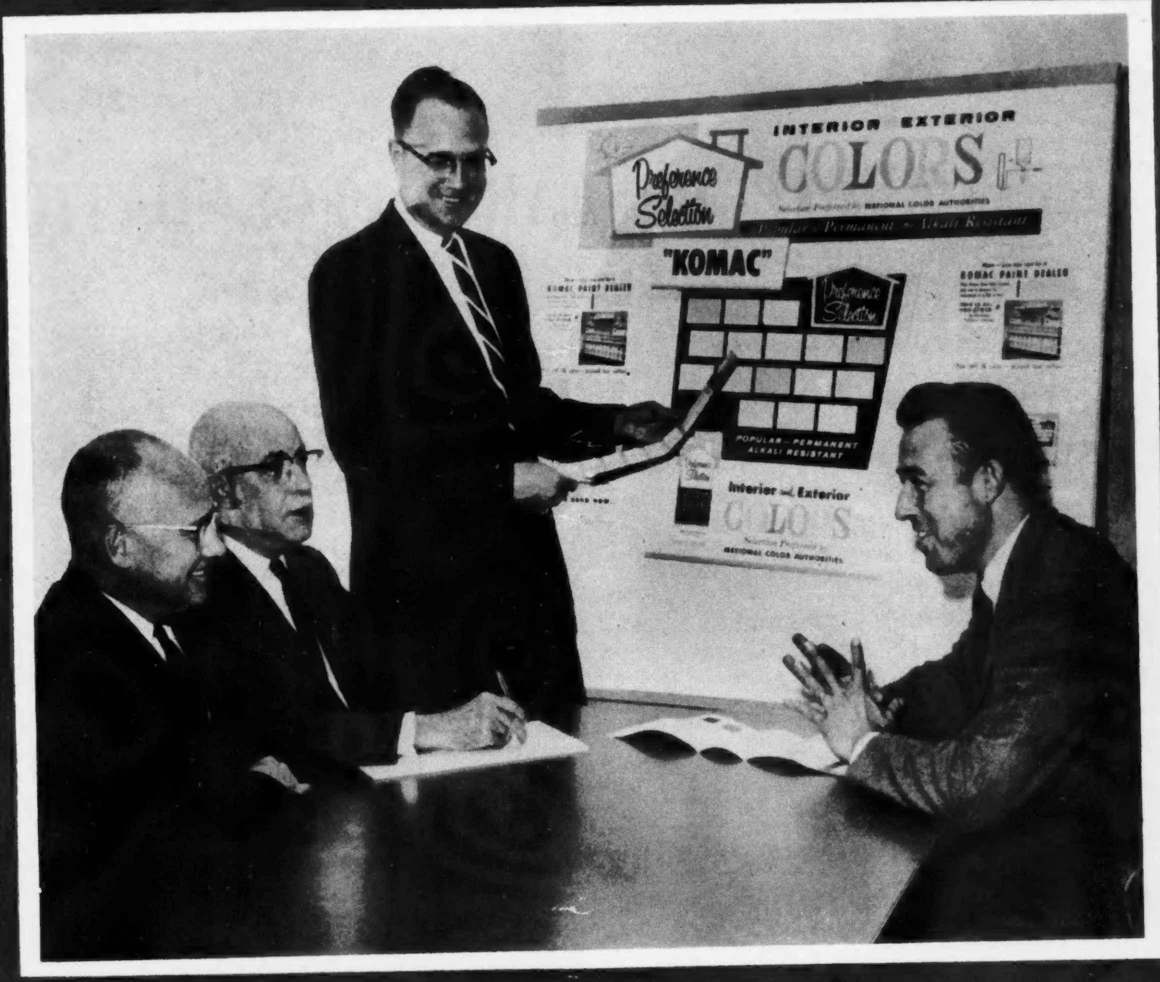
CREDIT AND FINANCIAL MANAGEMENT



Vote 4 to 1 Against Charging Interest

C's for Clairvoyance, Celerity, Candor

Code-Punch System Controls Credit

The Cover Picture See Pages 5 and 12

AUGUST 1960

NUMBER 8

VOLUME 62

In the News

JOHN A. NORTH, president Phoenix of Hartford (Insurance) Companies, Hartford, Connecticut, is the new president of the National Board of Fire Underwriters. Mr. North is a past president of the Northern Connecticut Division—NACM.

ARTHUR C. SUHRBIER, assistant auditor Continental Illinois National Bank and Trust Company, Chicago, was nominated for the presidency of NABAC, The Association for Bank Audit, Control and Operation.

LESTER J. JOHNSEN, executive vice president Atlantic Register Company, Waltham, Mass., has been elected president of Business Forms Institute, New York.

BYRON E. VAN DYKE, credit manager Esterbrook Pen Company, and vice president of the Credit Men's Association of Eastern Pennsylvania, received the Gold Medal in the 21st Annual Dartnell Gold Medal Award for Business Letter Excellence.

GEORGE A. HEWITT, partner in the public accounting firm of Lybrand, Ross Bros. & Montgomery, Philadelphia, Pa. has been elected president of the National Association of Accountants.

JOHN DILLON, Mercantile National Bank, Dallas, has been elected vice president of the American Institute of Banking, Dallas Chapter.

DAVID BOLLMAN, credit sales manager of the Joseph Horne Co., Pittsburgh, has been named chairman of the Credit Management Division of the National Retail Merchants Association. Mr. Bollman is active in The Credit Association of Western Pennsylvania, Pittsburgh.

EARLE A. NIRMAIER of Maplewood, N.J., general budget director of W. W. Wilderotter and Co., has been elected president of the National Retail Credit Association.

MRS. INEZ MCGAUGHY of Chattanooga is the new president of the Credit Women's Breakfast Clubs of North America, affiliate of the National Retail Credit Association.

EDITORIAL

AN INTRODUCTION . . .

BEGINNING on July 15th, it was my privilege to assume office as the principal executive officer of the National Association of Credit Management.

This is a great association with a long and honorable history. It services a function of industry and commerce whose development has paced the growth and coming-of-age of the American economy.

My predecessors have participated in, and contributed heavily to, the expansion and growth of the National Association of Credit Management to its present position as a respected leader among trade groups.

Its program of activities is sound; its services to members are of a high and valuable order; its statesmanlike approach to matters involving the public interest is well known. The policies which have fostered this growth and standing will be my guideposts.

It is my earnest hope to meet, personally, as many of the tens of thousands of members of the NACM as it will be humanly feasible to do. I will at all times welcome an expression of the constructive ideas with which professional credit management is so richly endowed.

With these ideas to enrich me and with the counsel and guidance of the committees, officers, and directors of NACM, I look forward with keen anticipation to the continued growth of this association in stature and service to its members during the many years ahead.

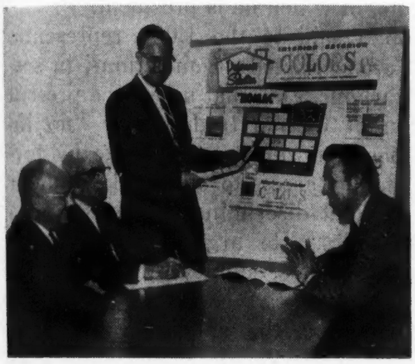
Alan S. Jeffrey

Executive Vice President

THE AUGUST COVER

TYPICAL credit problems of a paint manufacturer. First, a young man buys out one of its good-volume dealers, but does not have sufficient capital to carry a working inventory, even though sales and profits for the future are fairly certain. Second, a painting contractor with a large volume of business becomes slow-pay, partly because he can't collect some of his own outstanding accounts.

How the paint manufacturer's credit department, operating in liaison with the sales department, turned these problems to advantage is described on page 12 by George H.



Killen, cred't manager of Kohler-McLister Paint Company, Denver.

With Mr. Killen (standing) in the cover picture, are (seated left to right): Henry McLister, vice president; Charles Graham, sales manager, and Al Brainerd, assistant sales manager.

Kohler-McLister is the largest paint manufacturer in its area, and markets a complete line of interior and exterior paints through approximately 300 retail dealers in Colorado, Wyoming, New Mexico and parts of Kansas, Nebraska, Oklahoma, Texas and Arizona.

The company is a member of Colorizer Associates, a group of paint manufacturers marketing Colorizer paints in 1,322 colors throughout the United States, Canada and Great Britain.

Mr. Killen has been with the company since 1957. A biographical sketch is on page 12.

A man is never too busy to talk about how busy he is.

—Cincinnati Enquirer

FINANCIAL MANAGEMENT

General Manager, Alan S. Jeffrey

Official Publication of The National Association of Credit Management

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IN THIS ISSUE

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Washington

THE END is not yet, in the debate over the bill of Senator Paul H. Douglas (Dem., Ill.), who had taught economics at the University of Chicago and wants instalment finance charges stated in annual rates, for "truth-in-lending".

Says Senator Douglas: Teen-age credit "is aimed at a youngster too old to spank, too young to garnishee, who should be learning the saving habit". Retorts Senator Wallace F. Bennett (Rep., Utah), who operates a department store and an automobile agency in Salt Lake City: instalment credit the last four years has held at a comparatively stable 10 per cent of disposable personal income and 7 per cent of the Gross National Product.

BRITAIN'S exports, seasonally adjusted, rose 4½ per cent over the previous quarter in the three months ended with February, but imports showed an increase of 5 per cent. Exports to North America between December 1959 and February 1960 rose 21 per cent over the same period a year ago; those to the Soviet Union and its satellites were up 34 per cent.

WHAT some called a how-not-to bill was passed by the House when it approved a four-year, $1.3 billion school-construction measure, into which it had written an anti-segregation provision. What that provision, introduced by Rep. A. C. Powell, Jr. (Dem., New York), would do to chances for the bill to become law was anybody's guess.

THE GOVERNMENT sharply reduced import quotas for residual oil but slightly increased quotas for crude oil starting July 1st. Allocations for all licensed oil imports become 1,337,674 barrels a day, compared with the current 1,600,-566 figure. The new residual oil quota is 250,-000 barrels, as against 490,934 now permitted.

THERE was an April drop of 16.6 per cent from the preceding month in orders for cutting and forming tools, says the National Machine Tool Builders Association in Washington. The industry did catch up with shipments.

WORLD STEEL output rose to a peak of 97,-800,000 tons in the first quarter, according to the commerce department, 15.3 million more tons than in the same quarter last year.

IT IS TIME that Congress "take positive action to see that our foreign (trade) policy return to its original concept" of reciprocal trade agreements, James A. Chapman, head of Inman and Riverdale Mills (S.C.), told the annual meeting of the American Cotton Manufacturers Institute, of which he is president.

Mr. Chapman said to the 1,000 representatives of textile and related organizations, in session at Bal Harbour, Fla., that under the present administration of foreign trade policy "no industry in America is safe from damage by foreign goods" having access to our markets under cost conditions that discriminate against American manufacturers. He urged a "reasonable system of import quotas, country by country and category by category."

A quota system is the only answer to the steadily increasing inflow of textiles from low-wage countries, said R. Houston Jewell, vice president Crystal Springs Bleachery, Chickamauga, Ga.

A GAIN of 10 to 15 per cent in U. S. exports is in prospect this year under combined promotion efforts of business and Government, says Frederick H. Mueller, secretary of commerce.

Addressing a New York convention of the International Executives Association (formerly the Export Managers Club of New York) Mr. Mueller cited aids underway or planned by the Administration, under the "hard sell" program projected by President Eisenhower.

Our Allies have removed many restraints against dollar imports in the past year and Mr. Mueller "anticipates a considerable easing of discrimination" by 1961. Commerce department representatives are holding a series of 40 weekly meetings with industrialists to learn ways to accelerate exports and spell out specific trade restrictions to be overcome.

The Export-Import Bank is programming guaranties of noncommercial risks for short-term commercial credits, with Eximbank participation with commercial banks in medium-term credits, and with guaranties covering political risks.

The number of commercial attaches is to be doubled by the department of state, with more recruits from private business, to explore trade prospects in 96 countries.

Introducing — —

NEW EXECUTIVE VICE PRESIDENT
National Association of Credit Management

ALAN S. JEFFREY, formerly executive vice president and secretary of American Finance Conference, Inc., on July 15th began his duties as executive vice president of the National Association of Credit Management. He relinquished his position with the Conference on election to the NACM office by the national board of directors, announced at the 64th Annual Credit Conference, in St. Louis. He succeeds Edwin B. Moran, retiring at an age approaching 68. Mr. Moran continues in a consultive and advisory capacity.

Mr. Jeffrey, 44, besides his experience in administrative and executive management, brings to his new post a widely rounded career as an attorney, legislative and public relations director, and educator.

The records of his military service 1942-45 in World War II reveal battlefield promotions to First Lieutenant and Captain, awards of the Croix de Guerre with Palm, the Silver Star twice, and the Purple Heart also on two occasions. He had volunteered in June 1942, was commissioned a Second Lieutenant of Infantry, and served with the Third Infantry Division in Italy, France and Germany.

Practiced Law in New York

Graduate of New York University, where he received both his bachelor of arts and law degrees, Mr. Jeffrey began his legal practice in New York City, specializing in commercial contracts and labor relations, and on a panel of arbitrators of the U.S. Conciliation Service.

Following his war service as a combat officer came a period of three years as assistant to the executive vice president of Condenser Service and Engineering Company, Inc., manufacturer of industrial machinery and heat exchangers. He conducted negotiations with banks and warehouse companies for inventory financing. Besides being credit manager additionally, he was counsel and vice president of the subsidiary Lee Engineering Company, Inc.

From 1948 to 1951 Mr. Jeffrey was executive assistant to the Associated Furniture Dealers of New York and the Retailers Credit Bureau, also of New York. Here he also managed the public relations and legislative programs, and developed trade standards for advertising.

In 1951 he became executive editor of the Management Methods Division, Research Institute of America, Inc. In his three years of that business affiliation he wrote and edited analyses of management problems, widely reprinted throughout industry.

In the period 1946 to 1954, Mr. Jeffrey was a lecturer on business management at evening sessions of the Bernard Baruch school of business and public administration, City College of New York. His subjects included Principles of Commercial Credit and Collections.

In 1954 Mr. Jeffrey became associated with American Finance Conference, Inc., first as legislative and public relations director, and administrative secretary. He was named acting executive vice president in 1957, and the following year was elected chief executive officer of the international association for the sales finance industry,

ALAN S. JEFFREY

whose 350 members operate 2,000 branches in the United States and Canada.

He also had direction of retained public relations counsel and legal counsel of the association, was editor of its monthly magazine, "Time Sales Financing," manager of the annual industry convention, trustee of the AFC Group Insurance Trust. He negotiated with automobile manufacturers' treasury departments for wholesale automobile financing (floor plan) procedures, and was liaison officer to Robert Morris Associates in matters of bank credit line investigation of sales finance companies.

As chief executive officer of the Conference he was responsible to the executive committee and the board of directors in complete administration of the affairs of the association, operated on a $300,000 budget.

Mr. Jeffrey married Lynn Engelking on June 14, 1952. The Jeffreys have three daughters and a son.

Mr. Moran, who was desirous of retirement after 42 years of service to the National Association of Credit Management, will serve in an active full-time consultant and advisory capacity until December 31st. He will resume residence in the north suburban area of Chicago. Thereafter he will continue in a more limited consultive and advisory service to Mr. Jeffrey and to the national board of directors.

Ralph E. Brown

President
National Association of
Credit Management

They're 4 to 1 Agains

Financial Leaders Explain Votes on Handling Past-Due Accounts

TO CHARGE or NOT to charge interest! That's a perennial question in the handling of past-due accounts. It probably never will be answered unanimously, for or against—so much depends upon the industry, the habits and strength of the competition, the nature of the product, "the times," and other factors. In the following *Credit and Financial Management* symposium, the preponderant conclusion is against the practice.

However, the value of the comments of the credit leaders from all parts of the country lies rather in the reasons upon which they base their conclusions. A few have found that charging interest has definitely improved collections; some are toying with the idea—direct interest or a "service charge." Most turn their thumbs down, at the prospect of loss of business. Why they reason as they do is the theme of the symposium, a possible guide to others. The first chapter follows.—ED.

Help Effect Bank Financing But Not in Role of Banker

HARRY T. FAGAN, *Credit Department, Union Carbide Corporation, San Francisco, Calif.*

IF a company makes known that it will charge interest on all past-dues it might start something with serious consequences. Such a practice might conceivably alter an organization's collection experience and the resultant cash flow. Some customers would take additional time in paying. Many accounts could and should obtain their financing at the bank, and a supplier charging interest might be placed in competition with banking institutions. With today's high interest rates he might find himself carrying a sizeable accounts receivable balance longer than necessary.

H. T. FAGAN

It is part of the job of credit management to see that customers' purchases are in line with their ability to pay. The supplier should not contribute to overloading the customer. When a situation arises in which an account does not have the funds to bring payments up to date, the supplier should attempt to educate him to the desirability of bank financing and help him obtain it.

If the case is not attractive to the bank, if the supplier has a lot at stake in the industry, and if the individual account is important, the supplier might work out some practicable plan consistent with the earnings potential, whereby the outstanding balance would be repaid in equal instalments, together with an interest charge on the unpaid balance.

It must be remembered that with intense competition and declining profit margins the financing charge is often the difference between a profit and a loss.

Each situation should be considered on its own merits. The supplier should not attempt to play the part of the banker but should assist in working out bank financing. Where this is not feasible, some formal repayment plan should be worked out with the customer.

Additional Cost of Collecting Would Offset Dollar Gains

ROBERT E. MARCELLUS, *Regional Financial Manager, Westinghouse Appliance Sales, New York, N.Y.*

IN TODAY'S ECONOMY, a blanket charging of interest is unrealistic and impractical from both the dealer's and the distributor's point of view.

Due to severe competition in most metropolitan areas, the appliance dealer is working on relatively small gross profit margins. Any additional charges, which would serve to increase his cost of sales, might prove prohibitive, particularly when he may need assistance rather than penalization. The customer would be reluctant to pay and the small dollar amount actually gained would be negligible when compared to the additional expense necessary to effect the collection.

R. E. MARCELLUS

Furthermore, we must carefully consider the resultant illwill, plus the almost certain decrease in business with that customer. Can we afford to experiment with any program that would affect sales adversely? With factories reaching new highs in production, I believe there can be only a negative answer.

Under ideal conditions, with a specialized or exclusive product or in less competitive markets, a past-due penalty in the form of interest would still be impractical. Too many exceptions would be made; too many legitimate excuses would be offered; and reams of extra paperwork would result.

Too, do we want to enter into competition with ourselves? Many appliance and television manufacturers have established separate credit corporations to assist the dealer in need of financing, and to enable the distributor, through the dealer's use of floor and warehouse plans, to speed up his collections. If we were to charge

Charging any Interest

interest, would we not be competing with our own affiliates?

Leave the money-lending and interest-charging to the financing agencies. The creditman can spend his time much more profitably servicing and counseling his already established customers, and developing new ones.

Would Bring Undue Hardship And Confuse Some Concerns

JOHN J. BARRANGER, *Vice President and Treasurer, Stephen F. Whitman and Son, Inc. Philadelphia, Pa.*

IN selling to any group of customers, there must be calculated business risks. By a great majority, people discount their bills and, as a result, obtain added income for their operations.


J. J. BARRANGER

Some companies find it difficult to discount bills. Charging interest to past-due accounts would only add to their confusion and make them experience an undue hardship.

On many occasions your sales representatives will commit the home office to a special payment plan.

It is my feeling that the amount of effort involved in maintaining adequate records for interest costs would far offset any possible income received and could never offset the possible loss of business incurred.

Each Company Must Tailor Collection Plan To Its Needs

CHARLES F. BENBOW, *Credit Manager and Assistant Secretary, R. J. Reynolds Tobacco Company, Winston-Salem, N.C.*

MUCH can be said in favor of adding interest at the legal rate to all past-due accounts, especially in industries where long terms prevail and no discounts are offered for prompt payments. However, we are confining our remarks to our experience in the cigaret industry.


C. F. BENBOW

In order to give smokers the pleasure that comes from the full flavor of factory-fresh cigarets and to achieve pinpoint distribution of our low-price consumer goods, we ship daily from our factory to warehouses throughout the nation. Deliveries are made daily to our customers and invoices are rendered daily to them. The industry, therefore, tends to offer short terms and discounts for prompt payments.

The turnover of accounts receivable indicated in the annual reports of the major cigaret manufacturers appears to show the industry has been successful in stimulating prompt payments, and in reducing the number of collection days, by charging unearned discount when deducted from delayed remittances. In view of this favorable experience, we are inclined to believe that, in our industry, proper application of the discount provision tends to be more effective than charging interest to all past-due accounts would be.

This appears especially true in our industry because the discount to be earned by paying promptly within terms far exceeds the legal rate of interest. It also appears to us that the varying legal rates of interest among the states could introduce administrative difficulties to companies selling to customers in all states.

Here is an area of operation wherein each company and each industry must tailor and enforce the collection policy best suited to its particular needs.

Research Foundation Study

Fourteen per cent of the companies polled in a survey by the Credit Research Foundation, Inc., NACM, charge interest on past-due accounts receivable as a regular practice, 7 per cent only in specific instances. Adoption of the policy is being considered by another 5 per cent.

A summary of the findings in the Foundation's study, "Current Trends in the Practice of Charging Interest on Past-Due Accounts", is available at $1.00 a copy from Credit Research Foundation, Inc., 44 East 23rd Street, New York 10, N.Y.

Would Slow Down Turnover And Necessitate Borrowing

M. H. ANDERSON, *District Financial Manager, Graybar Electric Company, Inc., Cincinnati, Ohio*

WE do not as a practice charge interest on a past-due account. It is our feeling that this would place us in the financing business to a greater degree than we are now, and this we would like to avoid.


M. H. ANDERSON

It is more profitable for us to secure prompt turnover of our accounts receivable investment and then in turn reinvest the cash in material and merchandise for resale. Charging interest would slow down our turnover and necessitate borrowing money to increase our working capital. The difference between the cost of money to us today and the rate of interest we

could collect from our customers is very nominal and not very attractive.

Certainly it would be to our customers' advantage to pay those suppliers first who offer a cash discount. This would be to the disadvantage of the one charging interest.

Usually a customer who has a past-due account is not well financed. Certainly there would be a tendency to over-extend credit to one whom you are charging interest.

Occasionally we find it necessary to accept promissory notes in settlement of accounts, and in these cases we do charge interest. Our customer understands that this is only an expediency for securing payment and we do not make a practice of financing our customers.

It is better to leave financing to banks and other institutions in that field while we strive to do a better job in sales and distribution.

Charging Interest a Policy Of Oil Well Supply Firms

THOMAS D. MCELROY, *Assistant General Credit Manager, The National Supply Company, Pittsburgh, Pa.*

MANY businesses feel that charging interest is out of the question. Competitive conditions and other reasons have been advanced, with the philosophy, "Why charge it—we can't collect it." Despite this general attitude, creditmen are giving increased attention to the subject. Our experience therefore may be of interest.


T. D. McELROY

Charging *and collecting* interest on past-due accounts receivable has been a policy of the oil well supply industry for many years. This practice was adopted by The National Supply Company about 1914. Since that time we have collected a very large amount in interest on such accounts.

In the early days of the oil country, bank financing was not available to drilling contractors, oil producers, or even refiners. Hundreds of our customers would let their accounts ride until they could complete a contract or receive income from their oil production. Consequently, the oil well supply industry, at an early date, realized it was sometimes put into the banking business, and needed a return on its investment in the form of interest.

Interest on our accounts receivable is computed at the end of each month, and interest invoices are mailed to each past-due customer. All such charges are placed on our accounts receivable ledger. Removal of these charges cannot be accomplished at the sales or credit department's request, unless supported by a valid reason. Our creditmen are held responsible for collecting all applicable interest.

Customers of the oil well supply industry readily accept the idea of paying interest charges. They have the same status as the obligations from which they originally arose. There are two additional valid reasons supporting the continued need for interest compensation. These are: the present-day costs of borrowed money and the income which otherwise could be realized from funds tied up in past-due receivables.

A customer who would normally be slow-pay has a definite incentive to pay us within terms if he can borrow money from a bank cheaper than he can carry his debt with the supplier. And, as funds become available in the ordinary course of business, it is only natural for the customer to pay an interest-charging creditor first. So, for the supplier, interest becomes both an additional source of income and a lever for obtaining earlier payment.

Invoicing costs enter the picture on small past-due accounts. We are using a one dollar minimum in processing these charges through our Electronics Data Processing Unit. If interest falls below this amount, the initial charge is not made until the cumulative monthly interest total exceeds the set minimum. Interest computations and invoicing are entirely a machine operation. A recent study disclosed that almost 50 per cent of our monthly interest charges are in the "under five dollars" bracket, and that this 50 per cent in number represents less than 5 per cent of our total interest on accounts receivable. Even so, the annual interest income from the smaller accounts justifies our present minimum range.

In our company and our industry, the sizeable volume of slow-moving receivables, and the marginal situations which are somewhat inherent, discourage the desire to be both the manufacturer-supplier and the customer's banker. If we find ourselves in the latter role, we expect compensation just as a commercial banker would.

Interest on accounts receivable is by no means a "cure-all" but it is an excellent means to improve the rate of return.

Our sales department, incidentally, has no desire to change our interest policy. There does not seem to be a better way to reward the many customers who receive our 2 per cent discount and the many others who pay promptly at the end of our net period.

Would Keep Accounts Liquid By Use of Proven Methods

T. W. ROBERTS, *Secretary and General Credit Manager, Chicago Allis Manufacturing Corp., Chicago, Ill.*

OUR company has never considered charging interest on past-due accounts, and I doubt very much if we would give it any serious thought at the present time.


T. W. ROBERTS

First of all, the credit structure is built on confidence, and those of us having the responsibility for the passing of credit have certainly many times seen an account that started out as a possible poor credit risk develop into a very good account with a good pay record.

If we had charged these customers interest when they became past due it seems unlikely that we would have got to know

them as well and have been in the position to watch the progress of the business as carefully. One of the most challenging and rewarding accomplishments of a good credit executive is to increase the sales of his company by development of socalled borderline accounts.

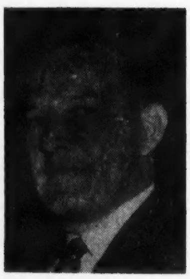
Secondly, part of being a good credit executive is the ability to analyze a prospective customer, especially when so many sources of information are available. When an order has been approved it is the responsibility of the credit department to get the money back into the working capital of the company as promptly as possible, and, as soon as the account is beyond the 30 day limit, to determine promptly, by telephone, correspondence or personal contact, when payment can be expected. We want to keep the accounts receivable in a liquid condition by the use of these proven methods.

Therefore, we are not in favor of charging interest.

Never Lost an Account by Past-Due Interest Charge

LEE H. COLE, *Credit Manager, Darr Equipment Company, Dallas, Texas*

CHARGING interest would depend largely on the type of business and size of accounts. Certainly it would not be advisable if the largest accounts run no more than $50 to $100. Where the individual accounts are from $500 to $10,000, interest should be placed on past-due accounts, but not until the account is at least 60 days old, preferably 90, at which time the interest charge should be retroactive to the due date. It is also my belief that this should be done outside the normal bookkeeping procedures. The problem could be handled in the following manner.



L. H. COLE

When the statements are pulled to go out to the customer, they would be separated in two stacks, the current accounts and the past-dues. From the past-due stack, the ageing report would be made, and at this point interest would be tacked on. The amount of interest should be penciled on the file copy. The secretary would type the interest charge under the balance shown on that statement, then bring down the new balance, which would include the interest. By doing this the customer would not specifically be billed for the interest. If it were not paid, the books would be clear of this amount. If paid, it naturally would be credited to interest received.

When our customers are past-due they are using up our profit on those sales. Therefore, if we fail to charge interest, we are failing to obtain the maximum profit from our sales, and the supplier is caused to borrow additional funds from the bank, on which interest must certainly be paid.

We are referring largely to our marginal accounts, those accounts that we have serviced ourselves and most likely know personally.

If there is doubt as to how the customer will react to the charge, a letter should accompany the statement.

I cannot recall one instance where we have lost a customer by charging interest on past-due.

"We have found that charging interest does cause the smaller past-dues to improve their payments, but it has little or no effect on the larger ones", concludes J. E. Zimmerman, assistant secretary United States Plywood Corporation, Louisville. "Some of the larger past-dues simply pay the interest, probably on the theory that they are paying for financing; others ignore the interest charge altogether.

"We feel that if there is a considerable problem with smaller past-due accounts, the interest charge would help, but otherwise not."

Our Credit Responsibilities Should Not Include Threats

P. H. CARLSON, *Treasurer and Assistant Secretary, Cosom Industries, Inc., Minneapolis, Minn.*

SINCE the trend of credit management is toward more cooperation with the sales department and for more and better customer relations, we do not feel that adding interest to past-due accounts is practical.

P. H. CARLSON

A notice of charging interest printed on an invoice seems a negative approach that immediately puts the customer, good or bad, on the defensive. Especially to the good account, it looks almost like a "dare" to see if we will really carry out our threat. Our credit responsibilities should not include threats. The bad accounts would not be impressed and would probably take the attitude that it's an easy way to borrow money. We feel it better to take more care in screening new accounts and make more vigorous efforts in collection. As credit managers, we know we are in our rights to ask for payment of past-due accounts but apparently are unsure as to our rights in charging interest.

A policy of charging interest would definitely put our sales department at a disadvantage. Our competition, those who would not adopt this policy, would use this as a weapon in undermining our customer relations. Our salesmen would feel that they were fighting the credit department as well as our competitors, and we would be causing bad inter-departmental relations.

In addition to these intangible results, we believe it would be very difficult for us to collect these interest charges. Our average invoice is small. If a customer paid 30 to 60 days late, it would be impractical to spend any time trying to force collection of the small amount involved. In large companies or where there is a large amount of money involved, it may work, but in the small and medium-size business we do not believe it practical.

Because of this difficulty and the illwill that we would create with our present and potential customers, we are against adding interest to past-due accounts.

MANAGEMENT AT WORK

.... a problem case is solved

By GEORGE H. KILLEN
Credit Manager

Kohler-McLister Paint Company
Denver, Colorado

MANY years ago the credit executive was looked upon by the salesman and the customer as a brake on sales and the wolf at the door. In the early Thirties the credit department ceased to be a negative factor in business. The credit man learned that by careful screening, thorough appraisal of facts and through counsel and advice, he could promote increased sales for his company. The salesman discovered that the credit department was a very important part of Sales.

The credit department in our company is very definitely considered an ally of the sales department. It is our intention to explore every avenue to find ways and means to sell an account—at a profit to both our company and our customer.

Three recent problem cases are illustrative. Two proved very successful to company and customer. The third was simply a matter of realizing our original investment.

Owner Eager and Receptive

A dealer who had been a good discount customer reached the age of retirement and was no longer desirous of continuing the business. The business was sold to a very aggressive lad. But he was somewhat short on capital, and the stock was low. Since the account was in a very desirable location, we were, of course, anxious to keep it. The new owner, new to the business world, conscious of his financial standing, and eager to make his business a going concern, was very receptive to any assistance we could offer him.

We took inventory and figured he would need at least $2,000 to $3,000 to raise his stock to a point where he could satisfactorily service his customers. This figure, to him, was entirely out of the question, as he had only a small amount of working capital remaining. We, realizing full well the situation, decided that we should do whatever we could to help; otherwise, we would lose a good outlet in a section where we needed representation. This meant either financing his business ourselves or seeking outside financing for him. We chose the latter.

We encouraged him to arrange a bank instalment loan, to be paid off monthly in the following twelve months. We estimated that his purchases should not exceed $700 each month. This was set as his maximum of open credit, to be discounted to us by the 15th of the month following purchase.

His loan at the bank was paid off one month ahead of time. He never once missed a discount with us. He no longer has a purchase limit. His purchases from us have more than doubled.

Here is a good example of how a customer can be encouraged to use his bank to lessen his immediate load, enable him to take advantage of discounts with his supplier, and in doing so strengthen his credit standing.

A Slow-Paying Contractor

This case has to do with a contractor whom we have sold for many years. Although he had a large volume of business, he had the reputation of being slow to pay. Because of this we were losing sales. Therefore, we decided to try a different avenue of approach and so perhaps increase our sales and create a better customer while averting the possibility that he would buy his material elsewhere.

Here again we encouraged outside financing and a stronger credit policy for his own business. We convinced him that we wanted his business even more than we wanted prompt payment of his account. We proved this by helping him collect his outstanding accounts so that he could have sufficient working capital.

He has developed into a very good account and his purchases from us have increased each month over the last two years. In this period he has done several large schools, hospitals and public buildings. We have supplied the material; we have been paid, the financing agent has been paid, and all has been handled in a very satisfactory manner.

The first two examples illustrate

George H. Killen, credit manager of Kohler-McLister Paint Company, Denver, is a graduate of Springfield Junior College, Springfield, Ill., where he majored in accounting.

After serving for six years as an air force bombardier-navigator in North Africa and Italy, he resumed his study of accounting with two years at Brown's Business college in Springfield, and followed with courses in economics at Oklahoma university.

Mr. Killen served for two years as president of the Credit Men's Association of Springfield, before joining Kohler-McLister three years ago.

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the preferred methods used either to aid a dealer in establishing a new business or to help a dealer help himself. Unfortunately, not all credit cases have such a happy outcome. Occasionally, it must be the credit department's sole endeavor to get out of an account what has been invested, as in the following example.

Since it is our business to be able to distinguish a good risk from one that is not, we took the precaution to make arrangements for payment to our company through the prime contractor and bonding company. Several of the contractor's other suppliers did not. When it became obvious that he was on shaky ground, they forced him into involuntary bankruptcy by trying to collect their money immediately.

They placed too much emphasis on "how can we get our money out of this contractor"; gave too little thought to "how can our credit department aid the man." Perhaps a good customer was lost by over-eager credit methods.

Experience has confirmed our belief that many times, by working with our customers, we can make a profit for them and for ourselves. True, sometimes circumstances prevent such assistance and concentration must be on saving your investment. Realistically, we all know these conditions cannot always be foreseen. Therefore, we must use the tools all of us have at our disposal for the benefit of our companies and our customers.

Research Cites a Need for Depreciation Policy Review

Relatively few companies are taking full advantage of their opportunities to reduce tax payments and preserve cash by using both types of accelerated depreciation permitted under the Tax Code of 1954, according to a survey recently completed by the Controllers Institute Research Foundation. Out of 1,325 responses to a questionnaire, the survey report shows 23 per cent use the straight-line-on-cost method of depreciation for tax purposes.

Of the remainder who do use accelerated depreciation, 45 per cent use the declining balance method (double straight-line-on-declining-balance); 38 per cent follow the sum-of-the-years digits formula, and 17 per cent employ both methods.

Code-Punch System Controls Accounts For Oil Company, and Reduces Costs

ABOUT two years ago executives of the Martin Oil Company, of Carbondale, Illinois, agreed to stop honoring national credit cards "because it's not profitable for us. Let's go back to a self-operating credit system," they said.

Martin's executives reached this decision after analyzing their marketing situation. The company serves 94 gas stations, half of them company-owned, in Illinois and adjacent states. In terms of the individual Martin station, the company operates a local business, with a high percentage of repeat business. Like all service stations, Martin draws a number of transient customers passing through the company's marketing area. It was felt that sales to transient customers who presented national credit cards were not profitable.

Recognizing that credit purchases had to be available to their steady customers, Martin considered what system it should adopt. Before switching to national credit cards Martin Oil had operated its own credit plan. This consisted basically of a sales slip pad with charges made out in duplicate.

That plan had proved grossly inadequate. The flow of customer cars slowed down as attendants had to enter the station to write up charges. Station managers were burdened with the time-consuming chore of compiling daily reports listing charges by customer's name. These lists were sent to the main office. Frequently, entries were illegible or were posted to the wrong account.

Another serious disadvantage was the lack of satisfactory credit controls. Station managers and dealers granted credit at their own discretion.

Credit Control with Keysort

Three Martin executives, Willard Collins, treasurer, Joseph Stanes, credit manager, and F. R. George, office manager, were given the task of developing a self-operating credit plan which could function without heavy cost or burdensome detail. Their joint study resulted in the installation of a credit system based on marginally-notched Keysort tickets, a product of the Royal McBee Corporation.* With the Keysort system a number of goals have been achieved at low cost: credit delinquency has been virtually eliminated, bookkeeping sharply reduced, billing speeded up and accuracy assured.

WHEN particular accounts reach their cycle billing date, the Martin Oil Co. clerk quickly keysorts the charge tickets according to account number. The charge tickets are then posted to the individual accounts. With the Keysort (product of Royal McBee Corporation), accuracy in posting specified charges to proper account is assured.

Martin customers too have shown enthusiasm for the plan; many of them make out the tickets themselves. Customers now can drive off without delay as soon as the windshield is cleaned and they have given the Keysort ticket to the attendant. Credit manager Stanes explains how the system works and outlines the procedure followed:

The Keysort tickets have holes around the four edges. Each hole represents a different category or individual. By notching the appropriate hole, it is possible to enter easily many items of information on a ticket.

When more than one member of a family may drive the car and desire credit service, Martin's system meets this need by providing that credit privileges can be extended with one application to as many as five persons. The inside of the front cover of the credit book bears lines for five signatures. All signatures above the customer's are authorized users of the credit book.

All applications for credit must first be approved by the credit manager Mr. Stanes. When an application is approved, the next step is to addressograph the Keysort credit tickets with the customer's name, address and account number. Each ticket is serialized and the number registered to the customer.

Tickets are marginally punched with the customer account number and cycle billing for the particular account. Two books, each containing 40 Keysort tickets, are issued to the customer unless more are requested on the application form. Fleet operators are given one credit book for each truck they operate; they may have more on request.

Credit customers hand in one

* Port Chester, N. Y.

MARTIN OIL COMPANY clerk is seen microfilming for company's permanent file the Keysort charge tickets that have been notched at the individual service stations and sent to headquarters. Tickets are then attached to customer's statement as proof of items billed.

ticket each time they make a purchase. All of the Keysort tickets collected each day from customers are sent to company headquarters by the manager or dealer in charge of the station. Instead of writing by hand the customer's name and charge for each credit purchase, managers now post only a grand total of credit purchases for the day and attach this to the Keysort tickets.

When the signed tickets are received at Martin's headquarters, the station's tabulation is checked and charges are posted to Accounts Receivable. This procedure, Mr. Stanes noted, enables Martin to strike a balance daily.

Cycle Billing

All Keysort tickets for a particular customer are filed until the cycle for his account has come to the end. Martin has set up five periods: 10th of the month, the 20th, 30th, weekly and miscellaneous. All tickets falling within a particular billing cycle are marginally sorted for this characteristic.

The credit tickets are next sorted for account number, tabulated, and posted to individual accounts. By keysorting is meant segregating those tickets which are notched in the corresponding hole. Thus, tickets that are notched for the same account number are separated from the remainder by inserting a stylus, or sorting needle, into a batch of tickets. Those that are notched in the corresponding holes are separated in this fashion from the tickets that are not so notched.

Tickets are then microfilmed and attached to the statement mailed to each account. These are proof, of course, of the items listed in the bill.

The clerk who formerly spent all of her time posting charges which totaled about half of Martin's present credit volume now spends a maximum of one day on all the bills covered by one cycle. The balance of her time is available for other office duties. The practice of posting to wrong accounts has vanished at Martin's. Since tickets are now keysorted into accurate account number sequence, any smearing of addressographed names is no longer important.

Past-Dues Curbed

Continuing control of the credit status of each customer also is achieved with the current system with this procedure: A charge ticket with a red border is inserted about two-thirds from the end of the credit book. When this ticket is received by the credit department, it is a signal that the customer has almost exhausted his supply of Martin credit tickets. Another book is sent to him at once. In this way, credit is extended for limited periods without any inconvenience to the customer.

If an outstanding bill is not paid in 30 days, a reminder letter is sent by Martin Oil to the customer. But until a bill is outstanding for 60 days or more, Martin Oil will continue to send the delinquent customer another book of credit tickets when the red-bordered ticket from his credit book is received at headquarters. The customer's credit is suspended if payment has not been received after 60 days.

This procedure has been successful in curbing the rate of credit delinquencies, according to Mr. Stanes. As a result, write-offs for unpaid bills have been practically nil. The controls do not antagonize customers.

Low Cost, Other Advantages

The cost of installing and operating Martin's new credit system has been remarkably low, company spokesman notes. Exclusive of the microfilm and Addressograph ma-

(Continued on page 26)

CLAIRVOYANCE, CELERITY AND CANDOR

Inward Thinking Sometimes Must Evolve Decision, Says Attorney

ADD these three "C's" for Credit Management: Clairvoyance, Celerity, Candor. You can gather all information available regarding an account, classify the material and set up guideposts, "but in the last analysis you must add Clairvoyance, an essence of your judgment; Celerity of action, and Candor, which is cooperation," says Leonard J. Brizdle, attorney at Buffalo, N.Y.

There are times when a credit manager's "clear and acute perception of what is not ordinarily discernible"—his inward thinking, intuition, deep-seated judgment or conviction for which he can give no concrete reason — must guide him beyond fixed rules or electronic devices, Mr. Brizdle told members of the Rochester Credit and Financial Management Association Inc.

Get All the Facts

"I don't mean to imply that you should disregard facts. Get all the facts; that is your first duty. A great deal can be learned about a man from his financial statement and his business records. Are his figures realistic? Does he exaggerate his inventory? Has he proper reserves? Does he show all his debts? How is his housekeeping? What is his business attitude and training?

"After carefully considering all of these suggested guides, and there are many others, you are faced with the task of decision—and credit management is your responsibility.

"Don't let security lull you into a sense of confidence. You can't sit back contentedly after securing a chattel mortgage or personal guaranty—or any other form of security. Goods covered by chattel mortgages deteriorate; floor plan merchandise has a way of disappearing; the position of guarantors changes.

"While it is important that you give full evaluation to the point of view of the sales department—and the sales department may bring great pressure—if you disagree you must act on your own conviction. It is your judgment, and to the extent of your judgment you have control over sales. It is your responsibility. If there is a mistake, don't be afraid to let it be *your* mistake.

"If confidence is lacking in the debtor or his situation don't disregard your conviction. If you have a feeling you are making a mistake, don't do it. Make use of your conviction; make use of your 'Clairvoyance'."

Speedy Investigation Important

When a problem arises, or a symptom of one, the quicker it is investigated by either the supplier's credit manager or adjustment bureau, the quicker a decision is reached, the better the result, the attorney points out. And here is the "C" for Celerity.

"When the answer is 'No', don't give way to wishful thinking. This can be like burying your head in the sand, with a phantasmal wish to find water."

Mr. Brizdle illustrates with the case history of a company on which he had been consulted by clients. The company business exceeded $3 millions a year, but the size of the accounts, the owner's personality, housekeeping and methods of operation spelled trouble. Nevertheless, the creditmen were afraid to exercise their judgment, afraid to interfere with sales.

The result? "Those who did act on their convictions were spared the embarrassment of filing a proof of claim in a pending bankruptcy that is going to have about one million dollars in liabilities and pay about 5 per cent. Sharper analysis would have brought about an earlier crisis with a better return to creditors."

Mr. Brizdle's third "C" for credit managers is for Candor with the creditmen in exchange of data. "The exchange of credit information, the use of an adjustment bureau, is to avoid unnecessary and damaging losses. This again is an issue that stretches beyond the set rule. It is rather an internal discipline which makes the workings of a group, like those of an individual, more coherent in a confused and difficult field. You all will benefit by this coherence".

The attorney calls business failures and the current restrictions on credit the "two biggest headaches" of the credit manager—"and they are head splitters!"

While U.S. population has increased 17 per cent in the past decade, business failures have increased more than 28 per cent in the last five years. Last year there were 14,053, second highest total since prewar 1939, he points out.

"Business failure and its consequent loss to creditors, not only on the present account but also on potential profit on future sales, is the shadow in the corner. I don't believe

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"A credit executive must be quick and expert in his decision. But he must also know when to consult the public relatons director, the sales promotion manager, the general sales manager, the adjustment bureau, and the commercial lawyer.

"He must know where to give advice and when—and where to take advice and when." **Leonard J. Brizdle**

"Automation will never supplant the credit executive. Credit has a human element that cannot be intelligently replaced with electronic data."

No matter what your lot in life may be, build something on it.

—Ramwork

***L**EONARD J. BRIZDLE, native of Buffalo, N.Y., received his bachelor of laws degree in 1929 from the University of Buffalo, where he was elected to the Bisonhead Honorary Society. He was admitted to practice in New York State the following year.*

Mr. Brizdle is a past president of the Commercial Law League of America (1958-59), member of the American Bankers Association committee on commercial law; chairman Erie County Bar Association's commercial law committee, and moderator of the association's television program on commercial law.

that we shall ever avoid them entirely; the most we can do is to try to minimize them.

"The managed monetary policies of our national government are not to be avoided. The question is whether money policies are going to be tight or liberal, and this sets up the field in which you will be making your decisions."

Noting that credit management has become a highly complicated and subtle study, "in which Adam Smith himself would be lost", Mr. Brizdle sees a danger that the creditman "is being stretched thinner and thinner and asked to play too many roles. He is visualized as an accountant, attorney, banker, business advisor, family counselor, analyst, economist, diplomat, general confidante.

"I would suggest that these are not the true business of the credit executive. He has headaches enough without being called upon to wear the tight hat of the public relations director, the sales promotion manager, the new business department, the general sales manager, as well as being a practising wholesale psychiatrist.

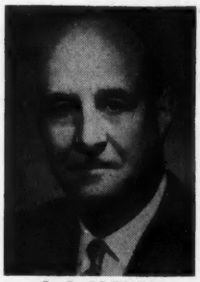
"I don't mean that the credit executive should not give advice to his accounts. I don't mean that he must be a modern-day egghead who knows more and more about less and less. I do mean that he should concentrate on what he's paid to concentrate on.

"No one would depend on you to fix his IBM computer, or the bathroom plumbing, but when it comes to credit, that's different. That's your backyard—and your front yard too!

"The proper function of credit executives", as Edwin B. Moran said, is 'to evaluate the acceptance of credit on a sound basis'."

Brown Lauds Canadian Credit Leaders On 50th Year of Association Growth

"YOUR organization has made a distinguished record for itself in each of the major areas of association activity. You are to be congratulated on your 50 years of growth into a professional organization that now boasts more than 3,000 members and eleven association offices in Canada, about the same membership proportion as our association to our respective total populations." Extending greetings from its counterpart association in the United States to the Canadian Credit Men's Trust Association, Ltd. on the occasion of its fiftieth anniversary, President Ralph E. Brown of the National Association of Credit Management observed that the Canadian association now has more than a hundred Industry Credit Groups.



R. E. BROWN

"Our association in the United States has long benefited directly from our exchange with you of Credit Interchange reports written in the two countries," the vice president of Marsh & McLennan, Inc., St. Louis, told the Canadian credit executives and their guests, in Winnipeg.

"For 33 of your golden 50 years you have had the Canadian Credit Institute to further education in credit careers and to justify our growing status as a profession. You are as proud in this country, I am sure, to have the University of Toronto participate in your educational program as we are in the United States to have Stanford and Dartmouth doing so. We both have Credit Management Workshops and credit clinics to meet new professional problems as they develop in our companies or economy. Your legislative program has, like ours, played an important part in the enactment of the Bulk Sales Act, the Mechanics Lien Act and the Bankruptcy Act. Women, too, in both your country and mine, have contributed to the vitality and progress of our associations through the formation and growth of Credit Women's Groups," Mr. Brown said.

"Professionally, we are members of the same economic commonwealth as in that larger sense, as citizens of free democracies, we are one against economic exploitation and political oppression generated by the countries behind the Iron and Bamboo Curtains."

If some in your family are trying to keep up with the Joneses, just be thankful they are not trying to pass them.

—Changing Times

Rhode Island Becomes Sixth Code State

Rhode Island is the sixth state to enact the Uniform Commercial Code, with the adoption of Senate Bill 546, on May 6th. As adopted, the Code will become effective January 2, 1962.

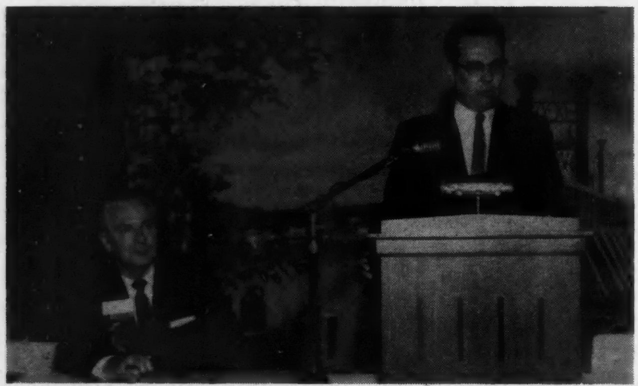
The other states which have the Code, in order of enactment, are: Pennsylvania, Massachusetts, Kentucky, Connecticut and New Hampshire. The Code is expected to be introduced at the next legislative sessions in Illinois, Kansas, Maine, Maryland, Michigan, North Dakota, Ohio, Oregon, Utah and Washington.

A number of the Code provisions would affect creditors. Texts of two of such sections—Article 2, Sales and Article 9, Secured Transactions—are available to NACM members on request to the National Office. Copies of the complete text of the Uniform Commercial Code (with comments) can be purchased from West Publishing Company, 50 West Kellogg Building, St. Paul 2, Minn., at $5.00 each.

$15.4 Billions Pension, Welfare, Unemployment Benefits Paid

The estimated $15.4 billions paid by private industry last year for pension, welfare, and unemployment benefits represented an increase of $1.6 billions over 1958, the National Industrial Conference Board reports.

AT PETROLEUM INDUSTRY GROUP session, St. Louis. (L to R) R. W. Mautz, Shell Oil Co., Clayton, Mo.; H. W. Dugdale, Shell, New York; M. V. Johnston, Gulf, Pittsburgh; W. J. Habkirk, The British American Oil Co., Toronto, APCA president; J. P. McLaughlin, Richfield, Los Angeles; R. M. Benson, Continental, Kansas City, Mo.



FOOD PRODUCTS and Allied Lines Manufacturers. Dr. Carl A. Dauten (speaking), Washington U.; S. M. Cole, Ralston Purina Co., St. Louis.

PUBLIC UTILITIES. Dr. A. C. Meyers, Jr. (right), associate professor of economics at Saint Louis University, and N. M. Scharf, Toledo Edison Co.

CHEMICAL and Allied Lines. Brad Knight, Shell Chemical Corp., St. Louis; Orrin Storholm, Columbia Southern Chemical Corp., Pittsburgh; W. J. Naber, Monsanto Chemical Co., St. Louis; William Busch, Chas. Pfizer & Co., New York; Richard Johnson, B. F. Goodrich Chemical Co., Cleveland.

WEARING APPAREL and Footwear. Miss Julia Holzwarth, Hibb & Co., Denver; C. H. Boardman, Marx & Haas Korrect Co., St. Louis; Jerry Rimmel, attorney; R. L. Dunavant, Curlee Clothing Co., St. Louis.

AMONG INDUSTRY GROUPS in Action at THE CREDIT CONGRESS in St. Louis

RIGHT: At session of Iron and Steel, Non-Ferrous Metals and Allied Lines. Dr. Clarence Tow (right), vice president Federal Reserve Bank of Kansas City, Mo., and R. W. Durrett of Sheffield Division, Armco Steel Corp., Kansas City.

ADVERTISING MEDIA. J. M. McDaniel, Indianapolis Newspaper, Inc; C. D. Scherer, Houston Post; the late A. F. Geracke, Pulitzer Publishing Co., St. Louis; V. R. Weburg, Rocky Mountain News, Denver.

BUILDING Material and Construction. C. R. Gittings (left), Gittings Lumber Co., Denver; G. F. Ballard, Minnesota & Ontario Paper Co., Minneapolis, chm. NACM committee on improved construction practices.

HARDWARE MANUFACTURERS. (L to R) D. G. Patterson, Yawman & Erbe Mfg. Co., Rochester; W. P. McCray, referee in bankruptcy, U.S. District Court, East St. Louis, Ill.; Frank Hohman, Detroit assn.

BANKERS. W. H. Smith, General Electric Co., New York; G. I. Baggott, Manufacturers Trust Co. of St. Louis; F. G. Rogers, IBM, White Plains, N.Y.; A. F. Boettcher, The Boatmen's National Bank of St. Louis, president Robert Morris Associates; E. L. Heyde, also of The Boatmen's Bank.

Educating Customer Helps Build His Credit Position

GOOD CREDIT, like a well-dressed man, is highly regarded, writes an executive in this third and concluding chapter of CFM's symposium on "How to Sell the Customer on the Value of His Credit".

Helping him to stay well-dressed, creditwise, at times calls for invoking all the tools in the manager's kit, for, as another puts it, "the quality of service you render is measured by the performance of your customers".—ED.

Each Account Reviewed As To How He Can Best Serve His Community

CARLTON R. NEWELL
Regional Credit Manager
International Shoe Company
Manchester, New Hampshire

A MAN'S payment record is his suit of clothes, and, many times, the only contact he has with the credit department. A good payment record presents a neat appearance and a poor payment record presents a sloppy dresser. This also pertains to his credit rating, which is as valuable to us as it is to him.

In a credit situation it isn't always the amount involved, but the time taken in excess of terms of sale. In figuring the cost of each pair of shoes, the terms of sale have to be taken into consideration, for the credit on the total number of accounts amounts to a sizeable investment. Most accounts do meet terms of sale, but the perpetual delinquents, with requests for time in excess of terms, put an unfair burden on all.

On the other hand, should a customer who always makes his payments within the terms of sale suddenly become slow, our credit personnel would note the change in payment habit and investigate the situation. Often, a local distress, such as a strike, fire, flood, requires help. Then, because there have been no cries of "Wolf, Wolf," this situation can be handled immediately.

As a rule, courtesy reaps courtesy. The courtesy of a prompt reply greatly assists the credit and sales departments in serving the customers efficiently. When silence prevails, we can only assume they are on longer interested in our assistance and cooperation. Therefore, the alternative is to become insistent—the stage in credit relations which no one enjoys.

Each account we serve is reviewed from the standpoint of how we can assist him to better serve his area, or community. When a new account is received, it is not only the initial order that has to be considered, but repeat orders which sometimes require a higher line of credit. At the same time, we do not want to burden our customers with heavier obligations than they can handle. These points have to be considered; and if the completed "new account" forms and adequate financial statements are received in due order, our records are complete. Otherwise, further investigation is entailed, causing delay, a procedure which is often labeled "Unnecessary." Unnecessary, yes, if the customer had provided adequate information when it was requested.

We operate on a very close margin in order to offer our customers our product in as competitive a price range as possible. To do this, our terms of sale should be respected. The cost of following up delinquent accounts can be an added burden to our operation. At the same time, delinquency delays service on fill-in orders which would clear our department immediately if the account were not in the past-due column.

In order to serve our accounts efficiently, we hope our customers realize our position and keep their payments record and credit standing in good order.

Good credit, like a well dressed man, is highly regarded.

The Better He's Sold on Value of His Credit, the Better He'll Pay

MRS. NINA B. WHITE
Assistant Office & Credit Manager
Bosco Bolt Nut and Screw Company
Dallas, Texas

SELLING the customer on the value of credit in the very beginning makes it far easier to sell him on paying according to the line of credit. A firm foundation can be built with a thorough understanding that the privilege of credit is based on integrity, responsibility and fair play of each customer. Then, when a customer asks, "Why are you getting so hot about this little past-due account?," it is not difficult to remind

him of his contract, made when we accepted his credit. We held to our part of the bargain by shipping our material; by the same token we expect him to do the same by paying according to the terms.

When our letters are ignored and we are told not to write any more until he can pay, an appeal can be made for a definite date when payment may be expected. This can encourage him to clear the balance and not jeopardize his credit.

If there must be a delay pending credit checkup and the customer mutters, "If there is to be a lot of red tape I haven't time to bother with it," this customer is not offering you his credit to accept or reject. We try to explain it is not a matter of his credit being good or bad. It is only because of lack of information that we are unable intelligently to appraise his account for open terms. No really good account has ever been lost selling COD.

Our first reminder of a past-due balance, always in a friendly tone, emphasizes our desire to help him and to retain him as a customer. The carefully chosen words and the tone of this inquiry do not provide an opportunity for the customer to feel insulted. Instead, such approach usually brings in the payment or a proposal from the customer stating how he plans to pay the amount due. Customers should be advised that if payment cannot be made at maturity, they should contact supplier immediately. It is good business.

We try to emphasize to them the importance of establishing a sound credit rating. Our full cooperation is given to those who indicate an attitude of sincerity in their desire to improve their credit position.

The value of credit, when it is successfully sold, means the difference between a sound credit risk and a borderline customer.

Selling Him Is Difference between Sound Risk and Borderline Account

K. GLENN WHITEHURST
District Credit Manager
Noland Company
Arlington, Virginia

RECENTLY I heard someone say, "Credit is a possession of a human being, and is a service offered or a facility available for selling or borrowing". That terminology is fine, and we like to take that view, but how many do?

We all have heard that precious little word "credit" defined in several different ways, to say nothing of the many interpretations and abuses it receives from some to whom this privilege has been extended. This is not always to be blamed on the customer, because it is possible there was no complete understanding at the time the credit was accepted.

One of the biggest mistakes a credit executive can make is not having a thorough understanding with the customer when an account is initially established. That is the time to explain your terms of sale. If there is a marginal risk involved, it might be practicable to place a tentative limit on the account until such time additional credit is warranted after the ability has been displayed. Frequent misunderstandings can be avoided if details are explained and both parties understand one another.

Merchandise sold on credit represents an investment being made in another's business. But does the recipient look at it that way? I dare say that very few customers realize the merchandise actually represents dollars, until the time comes to meet their obligations. I like to think that suppliers of materials are not different from a bank. Money is a commodity and is sold the same as any merchandise with a price tag on it. The purchaser obligates himself to pay by giving a note which is due on a certain date. The due date of a note is not different from the due date of an open account, and this should be impressed upon the customer.

Educating Customer Is Vital

One of the most important functions a credit executive can fulfill today is to educate his customers. The more this is done, the easier his job. The quality of service you render is measured by the performance of your customers. Therefore, educating the customer is of vital importance. It makes the job more pleasant and much easier for all concerned when we know what to expect of each other.

Relying on constant use of letters to collect money is a thing of the past. Letters are cold, regardless of the warmth we try to incorporate into them. They just don't seem to serve a very successful purpose for collecting money. The paying habits of a person today are no longer a secret, and maintenance of a good paying record is necessary in order to be in the enviable position of a preferred buyer.

Have something specific and important to say. There are too many speakers who need no introductions; what they need are conclusions.

—Judge Jacob M. Brande

Baloney is flattery laid on so thick it cannot be true, and blarney is flattery laid on so thin we like it.

—Bishop Fulton J. Sheen

The more intellectual people are, the more originality they see in other men. To commonplace people, all men are much alike.

—Pascal

ON THE
Personal Side

E. F. KANE, vice president in charge of credit department, American Credit Indemnity Company of New York, Baltimore, has been elected a director of the Baltimore Association of Credit Management. Mr. Kane also is a member of the Insurance Advisory Council, National Association of Credit Management, and the New York Credit and Financial Management Association.

R. J. WALERIUS has been promoted to general credit manager of The Pure Oil Company, Chicago. A graduate of the University of Minnesota law school, Mr. Walerius joined Pure Oil's Minneapolis marketing zone in 1938 and served in various marketing capacities in Minneapolis until 1953, when he was transferred to Chicago as retail credit manager of the company. Memberships include American Petroleum Credit Association and Chicago-Midwest Credit Management Association.

JAMES B. LUMPKINS, vice president, has been elevated to the presidency of The State Bank of Jacksonville, Fla. He has been a member of the board and of the bank's executive and finance committee for several years. He was one of the organizing officers of the bank. A director and past president of the North Florida Unit NACM, Mr. Lumpkins began his banking career 20 years ago with First National Bank of Lawrenceburg, Tenn. He is a graduate of the School of Banking of the South, Louisiana State University.

WALTER T. LUNDEGREN has been promoted to manager of the credit department, Liberty Mutual Insurance Company, with headquarters in the Boston home office. A graduate of Dartmouth College and Suffolk Law School, he started with the company's New England credit department in February 1937 and in November of that year was named New England credit manager. In 1939 he was named assistant manager of the company's home office credit department, post he held until his recent promotion. Mr. Lundegren is a member of the Massachusetts Bar and a corporator of the Marblehead Savings Bank.

WILLIAM A. BOONE, formerly vice president in charge of sales, is now executive vice president and treasurer Bell & Gossett Company, Morton Grove, Ill., succeeding Clarence E. Pullum, deceased.

ARTHUR T. WOERTHWEIN, controller and secretary, has been named vice president-finance. He continues his duties as secretary.

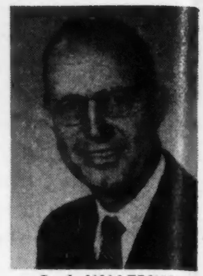
COLEMAN F. HOGAN has been appointed treasurer of American Molasses Company, New York, N.Y. Earlier he had been controller Walworth Company, that city. Mr. Hogan is a director of Davidson Rubber Company, Boston, and Belz Industries, Mineola, N.Y.

NELSON T. HAMPSON has been advanced to vice president-finance Lowe Paper Company, Ridgefield, N.J. He is a past president New York City Control, Controllers Institute of America.

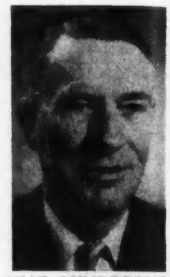
THEODORE B. LUSE has been named vice president James Talcott, Inc., New York City. Formerly executive vice president Congress Factors Corporation, Mr. Luse is past president New York Institute of Credit, executive chairman of the Uptown Credit Group, president Textile Salesmen's Association and president of Esquire Credit Club. He is a director of the New York Credit Men's Adjustment Bureau and past director of the New York Credit and Financial Management Association.

ROGER C. SMITH has become assistant treasurer Motorola Inc., Chicago. He will aid in reorganization and supervision of treasury department functions and serve as general assistant to the treasurer. He continues as credit manager of the company. He began with Motorola in 1953 as assistant to Edwin P. Vanderwicken, vice president and treasurer.


E. F. KANE


R. J. WALERIUS


J. B. LUMPKINS


W. T. LUNDEGREN


C. F. HOGAN


W. A. BOONE

FRANK J. KLINGER, named assistant treasurer of Motorola Finance Corporation, finance subsidiary of Motorola, Inc., will be in charge of credit office operations under E. J. McGowan, vice president and general manager of the finance unit. He most recently had been general credit manager of the finance company.

EDWARD J. ECKERT has been named vice president of the newly formed James Talcott industrial time sales subsidiary, James Talcott Western, Inc., with headquarters in Los Angeles. He will have charge of credits and operations.

DONALD R. KRONENBERGER has been appointed controller Seiberling Rubber Company, Akron, to succeed Charles E. Jones, vice president and controller, who retired after 38 years with the company. Mr. Kronenberger began with Seiberling in 1954 as assistant to the controller.

EVERETT A. WICKSTROM, now credit manager for the New Britain Divisions of The American Hardware Corporation, began with the New Britain, Conn. organization in 1946. He advanced to assistant credit manager in 1957. Mr. Wickstrom attends the NACM Graduate School of Credit and Financial Management, Dartmouth.

In another change at American Hardware, HARRY C. JACKSON has retired as assistant treasurer. He began with the P. & F. Corbin division of American Hardware in 1910, in the billing department. In 1930 he became assistant manager of credit and claims, advancing in 1935 to credit manager and in 1942 to general credit manager of the corporation. He was appointed assistant treasurer of American Hardware in 1952.

Mr. Jackson served as director of the National Association of Credit Management 1944-46 and as president NACM-Northern Connecticut Division, Hartford, 1940-42. He is chairman Hardware Manufacturers Credit Division.


E. A. WICKSTROM


M. T. MALLICOTE


A. P. GIULIANO


L. F. CUNNINGHAM


R. E. LOGAN, JR.


J. R. WHITEHURST

LYNN F. CUNNINGHAM, formerly credit manager Wyoming Automotive Company, Casper, Wyo., has been advanced to controller of all divisions of the company. He began with the company in 1945 as office and credit manager. Earlier he had been with Hoover Sales Company as office and credit manager.

HARLEY WOOLSTON has been transferred from Sheridan to assume the credit function relinquished by Mr. Cunningham.

MICHAEL T. MALLICOTE has been named assistant credit manager, Darr Equipment Company, Caterpillar distributor for central and north Texas, at Dallas.

A. P. GIULIANO has been advanced from assistant credit manager to manager of the credit department, Royal McBee Corporation, at Port Chester, N.Y., headquarters, succeeding Ramon Maxson, retired. B. F. Cutler is McBee vice president-finance and treasurer.

Mr. Giuliano began with the office equipment manufacturing company in 1930 as collection correspondent, was named assistant credit manager in 1945.

RICHARD E. LOGAN, JR. and JOHN R. WHITEHURST have been appointed assistant credit managers of Armco Division, Armco Steel Corporation, Middletown, Ohio. Mr. Logan went with Armco in 1951 as credit advisor in the treasury department. He attended Cornell University and this year is his third in the NACM Graduate School of Credit and Financial Management, Dartmouth.

Mr. Whitehurst, a graduate of Ohio State University, with a master's degree in business administration from Miami University, began with Armco in 1948 as a checker in the industrial engineering department. In 1952 he was named credit advisor in the treasury department.

CHARLES M. ALLEN has been appointed assistant to the treasurer of Ritter Credit Corporation, wholly owned subsidiary of Ritter Company, Inc., Rochester, N.Y. Previously Mr. Allen had been with Bankers Commercial Corporation, New York City, since 1955, most recently as manager of the industrial division.


R. J. MORAWETZ


J. W. COURTNEY

R. J. MORAWETZ, controller, has been elevated to secretary-treasurer and chief financial officer of Scripto, Inc., Atlanta. He began with Scripto in 1954 and was promoted to controller in 1957. Earlier he had been controller Bland Terry Shoe Company, Atlanta.

JOSEPH W. COURTNEY has been appointed controller Swartwout Fabricators, Inc., Kokomo, Ind. He previously had been vice president and treasurer Hoosier Crown Corporation, Crawfordsville. A graduate of Indiana University, Mr. Courtney attended the Graduate School of Credit and Financial Management, NACM, Dartmouth College.

WILLIAM J. DOLAN has been named secretary and treasurer Federal Sign & Signal Corporation, Blue Island, Ill. He succeeds Franklin T. Rittenhouse who has retired after 40 years with the company. Mr. Dolan, a 30-year veteran with the corporation, has been controller and assistant secretary since 1955.

EDGAR BEALE has been promoted from assistant cashier to assistant vice president First New Haven National Bank, New Haven, Conn. With the bank since 1949, Mr. Beale is in charge of its IBM operations.

ROBERT K. LANDRUM has been named to head the trust department of First State Bank of Albany. He had for eleven years been with Security Trust Company, Lexington, Ky., most recently as vice president, trust officer and board member. Mr. Landrum is a member of the NACM Graduate School of Credit and Financial Management, Dartmouth (class of '61). He holds the B.S. degree in commerce from University of Kentucky, the B.S. in physical sciences from University of Chicago, and the master's degree from Harvard graduate school of business.

Modernizing the Office

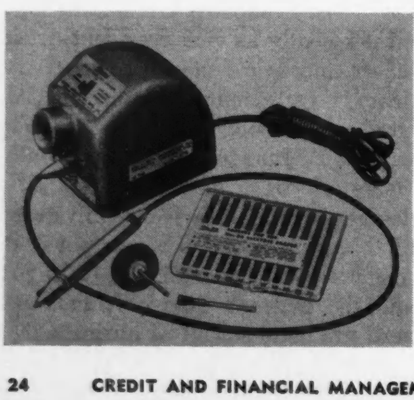
New Equipment to Speed Production and Reduce Costs

NCR 390 Reads Anything

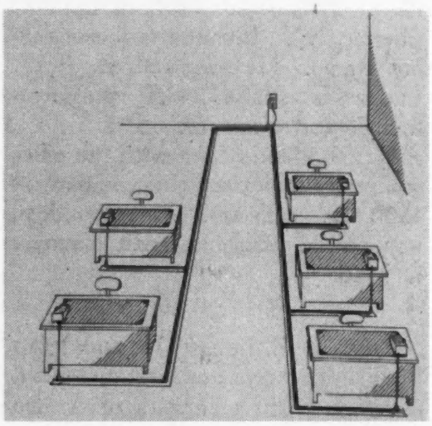
700 Hailed as first complete computer system capable of reading conventional commercial documents, the NCR 390 of NATIONAL CASH REGISTER COMPANY will bring to many businesses the advantages of electronic data processing without the need for converting to machine language. The 390 will enable firms to keep traditional "hard-copy" records which can be read instantly by employees. Magnetic-coated stripes on the back of the document function as an "electronic memory." In addition to ledger cards, system may be activated by punched tape, punched cards or through console keyboard, to perform accounting, statistical, calculating or analyses functions. The NCR 390 is said to be relatively low in cost and may be rented.

Electric Eraser

701 Let the Presto No. 80 Electric Typewriter Eraser of METAL SPECIALTIES MANUFACTURING COMPANY take over the tiresome job of erasing typewritten material, carbon copies, correcting offset plates, tracings or sketches in pencil, ink or ballpoint pen. Pencil-slim erasing unit permits erasure of smallest letter. Slip sheets are unnecessary when erasing, ending smudged carbons. Housing unit or shelf bracket on side of typewriter encloses eraser, which is withdrawn when needed. Self-contained revolving brush automatically clears away particles.



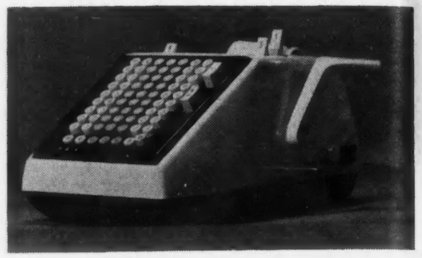
Stumble-Proof Wiring



702 Said to be so strong you can drive trucks over it, ELECTRIDUCT Over-the-floor Wiring comes ready to plug in. It can be ordered by mail fabricated to your particular needs, also is available in straight standard lengths of 4, 5, 6 and 10 feet. Nearly flat rubber-encased wiring is the answer where many outlets are needed in the middle of the room, eliminates danger of tripping over messy extension cords. Equipment on casters rolls over it easily, says maker Electriduct Div. of IDEAS, INC.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 44 East 23rd St., New York 10, N. Y.

Direct-Subtraction Unit



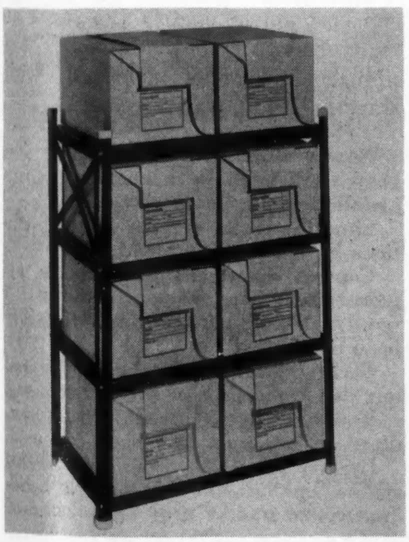
703 One of a completely redesigned line, the "67S" Adding Machine of SMITH-CORONA MARCHANT INC. features low price, subtraction figures printed in red, repeat key that makes it possible for the operator to add a specific figure any number of times without reindexing and complete visibility of every entry on tape. Modern design machine in construction utilizes plastics which increase durability. Model shown will index six columns of figures on paper tape, has totaling capacity of seven columns. Companion direct-subtraction model and addition-only models.

Copyholder-Magnifier

704 HALL-WELTER COMPANY introduces its Crystal Clear Magnifier which clips onto the reading line of a Typewriter Copyholder, to aid the typist and bring the copy much closer, at the same time relieve eye and neck strain. Maker calls attention to exceptional optical quality of the Magnifier. Device fits the Hall-Welter Error-No Copyholder, as well as all other billboard type copyholders, and increases the utility of any copyholder now in use.

Dictating-Recording Unit

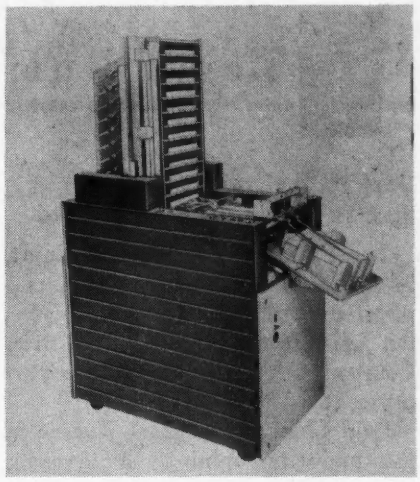
705 Envoy tape Dictating and Transcribing machine recently unveiled by Edison Voicewriter Div. of McGraw-Edison Company features an exclusive built-in indexing system that makes word and phrase finding easy for both dictator and transcriber, and simple controls. Budget-priced "Envoy" can be used for recording conferences, interviews, phone conversations. Optional accessories include desk mike for loud speaker playback, inverter for powering recorder from cigarette lighter of car, telephone recorder. Machine weighs under 9 lbs.



Orderly Storage

706 Stor-A-Way File of S. A. Hirsh Manufacturing Company provides dustproof, orderly storage for inactive files, other records. Unit consists of all-steel shelf unit and eight heavy duty dustproof file cases. Maker points out the unit holds as much material as full-sized four-drawer file cabinet and takes up less than 3 sq. ft. of floor space. File cases will accommodate either standard or legal size files. Contents label is printed on back and front of each file case.

Automatic Collator →



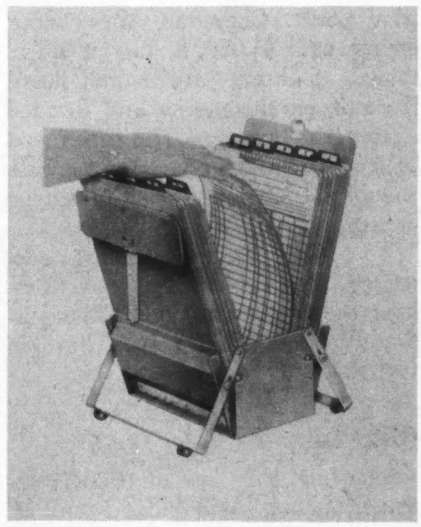
707 Gathermatic 12-Station fully automatic Collator of Thomas Collators Inc. offers large-scale equipment advantages, of especial interest where large capital outlay for equipment is not justified. Production rate is said to be 6,000 sheets per hour. Each station holds approximately one-half ream or 1¼" of paper, handles sheets from 3"x5" to 11"x14", and has automatic criss-cross stacker and miss and double detector. Less than full 12-station cycle may be utilized and odd-numbered sets can be assembled. Optional equipment includes automatic stapler which is synchronized with machine's operation.

Desk Signs

708 Double-face Desk Sign, introduced by Wama Company as addition to their "Tell-A-Name" line of signs is available in 1", 1½" and 1¾" heights, either single or double-faced. Attractive in appearance, sign is made of satin hardwood and trimmed in aluminum. The base may be finished in gray, black or mahogany; nameplate is engraved in white on black plastic slide which can be easily changed.

Compact Ledger Tray

709 Lite-Pac Tray of Master-Craft Corporation is being widely used for general ledgers, accounts receivable and statements where maximum capacity is not over 375 forms. It is practical for use with bookkeeping machines as well as writing board installations. Hinged front panel



drops away when tray is opened, permitting unimpeded posting and handling of forms. Tray is equipped with combination lock and carrying handle. When closed, it may be filed in a safe in upright position or on its side, where it takes no more space than conventional ledger binder. Device is available in two capacities and six sizes.

Ve get so soon old, und so late schmart.
—Old German Proverb

Legal Rulings and Opinions

Part Paid, Right to Contest Tax in District Court Denied

The United States Supreme Court, in a 5 to 4 decision, denied a taxpayer the right to contest an income tax assessment in Federal District Court after he had made only a part payment.

Said Chief Justice Earl Warren in the majority opinion: a taxpayer may sue directly in U.S. Tax Court without paying any part of the assessment, but to sue in a District Court he must first pay in full.

"The Government", he explained, "has a substantial interest in protecting the public purse, an interest which would be substantially impaired if a taxpayer could sue in District Court without paying his tax in full".

Walter W. Flora had challenged a $29,908 tax assessment in U.S. District Court, Cheyenne, Wyo., after having paid $5,058. A district judge, though doubting jurisdiction, heard the suit on the merits and decided against the taxpayer. The U.S. Court of Appeals in Denver stated the case should not have been tried in district court.

The U.S. Supreme Court concurred, then decided last year to rehear the case. Concluded Chief Justice Warren: "Reargument has but fortified our view".

Ohio Blow to Fair Trade

The fair trade law of Ohio is unconstitutional, ruled Judge Frank M. Gusweiler in Hamilton county common pleas court, Cincinnati, following hearing on a suit by Helena Rubinstein, Inc., for an injunction against Cinci Vitamin and Cosmetic Distributors, Inc., discount retailer.

The court said the present law provides unauthorized exercise of police power in a matter unrelated to public safety, morals or general welfare.

Letters of Credit

A bank in Oklahoma issued a documentary letter of credit to a California bank and later by telegram advised the latter it was authorized to pay certain amounts on receipt of a cablegram from a Swiss bank describing certain documents held by the bank in Switzerland. The California bank paid out on receipt of the cablegram.

The U.S. Court of Appeals, Tenth Circuit (California) ruled that the Oklahoma bank thereby became impliedly obligated to reimburse the California bank for the amounts it paid. Litigation had followed the purchaser's rejection of the material shipped because some of it was second-hand. The California bank had reimbursed the Swiss bank in full, sold the rejected material and sued the Oklahoma bank for the difference. . . . *Co. v. Bank of America N.T. & S.A.* 218 F. 2d 831 (1955).

Orange Coloring

Use of a red coal-tar coloring on Florida and Texas oranges for market is barred by a U.S. Supreme Court ruling upholding a Government order unconditionally banning the practice.

A Government test of a coal-tar coloring by itself, which shows the coloring toxic at significant levels, is all that is needed for the government to prohibit use in foods, under the Federal Food, Drugs and Cosmetic Act, the court held. It rejected the argument of a court of appeals and the Florida Citrus Exchange.

Settlement Provisions

Certain life insurance policies carried provisions that the proceeds be held by the insurance company and that it make specified monthly payments to the decedent's wife. If she died, the remaining proceeds were to be paid to designated secondary beneficiaries. While she lived she could withdraw the proceeds in whole or in part, but only on interest dates (four times a year) and in amounts not under $50. The court held that her interest in the proceeds was terminable, that she did not have a power of appointment exercisable in all events, and that the insurance proceeds therefore did not qualify for marital deduction. *Werbe* vs. *U.S.* (DC Ind) 1958.

Intelligence is much like money. If you don't let on how little you've got, people will credit you with more than you have.

—N. A. Rombe

Landlord's Liability in Fall

When a woman tenant tripped on a raised metal binding on a darkened stairway she grasped the handrail but it gave way and she was injured. The court gave judgment in favor of the landlord, holding that the woman was guilty of contributory negligence as it was established that she knew of the raised binding and the loose rail. The appellate court reversed the decision, held that it was for a jury to decide the question of contributory negligence. *Sellars* vs. *Kilis* (Florida 1954) 74 S. 2d. 71.

KEYSORTING

(Concluded from page 15)

chines, which are used for many other purposes, cost of the processing equipment is less than $50. Forms employed in the current system cost approximately the same as the forms previously used. These additional benefits achieved with Martin's credit plan are cited:

Not a single Keysort charge has been challenged by a customer since installation of the new system.

Slow-downs in service at the stations have been eliminated.

Control on credit accounts is effected from headquarters without difficulty. Delinquencies have virtually been eliminated.

Cycle billing system has smoothed out the processing of credit accounts.

Bookkeeping involved in the handling of accounts has been reduced.

Greater flexibility of new credit system enables the company's headquarters to handle growing volume of credit accounts without increasing office personnel.

Big Demand for Accountants

Seven per cent increase in number of interviews of students by 115 companies' talent scouts at Lehigh University indicates an exceptionally heavy demand for accountants, says Everett A. Teal, director of placement.

Guides to Improve Executive Operation

KEEPING INFORMED

TRAVELETTER SYSTEM, the Modern Way to Pay Traveling Expenses—Advantages to the company controller and treasurer, to sales manager and salesman, are set forth in the 21-page illustrated booklet of the service organization which offers a credential system for handling travel expenses of company representatives. Users of the system include many blue-chip companies. Directory lists some 4,500 hotels, motels and other agencies in North America and abroad which honor Traveletter authorizations. For descriptive brochure write Traveletter Corporation, Greenwich 21, Conn.

PROGRAM FOR COMMUNITY ECONOMIC DEVELOPMENT outlines SBA services based on the major programs of the agency: financing, contract and technical assistance, management aids and research and development assistance. Surplus labor areas, underdeveloped areas, rural development and urban renewal programs are touched upon. Publication is available at all SBA field offices or Small Business Administration, Washington 25, D.C.

SIXTY BEST BUSINESS LETTERS — Completely new, second edition of this handy reference booklet contains selections from actual company files of successful letters pertaining to sales, collections, inquiries, new business, adjustments, other categories. For free copy, write Dept. A, American Automatic Typewriter Co., 2323 No. Pulaski Road, Chicago 39, Ill.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 44 East 23rd St., New York 10, N. Y.

EFFICIENCY TIPS

859 — Friden Collectadata system which automatically channels information from work stations to a central processing point is subject of comprehensive, profusely illustrated brochure, which highlights applications to manufacturing control, production time recording, inventory control, billings. Free, write us for copy.

▼

860—New product literature of A. B. Dick Co. includes 6-page four-color folder of Model 110 Photocopier, which illustrates features of the machine and outlines simple operating procedure. For your copy, write us.

▼

861—Space-saving storage base specially designed to fit under the Thermo-Fax Copying Machine of Minnesota Mining & Manufacturing Co. is described in literature of Endicott Machine & Tool Co.

▼

862—"Guide to Air Shipping via Port of New York," 40-page booklet includes air freight rates by plane and helicopter between New York and various points, explains international documentation and varied services.

▼

863—"Murograph—a New Concept of Vision Management," 12-page booklet of Visual Controls Co., illustrates uses of control board systems in scheduling and control problems of management. Free.

▼

864—Do-it-yourself kit for installing distinctive built-in clock in office, library or den is described in literature of Spartus Corp.

BOOK REVIEWS

BALANCE OF PAYMENTS AND ECONOMIC GROWTH—by John M. Letiche. 379 pages. $6. Harper & Brothers, 49 East 33rd St., New York 16, N.Y.

• Monetary, fiscal and general expenditure theory is woven into the classical balance-of-payment theory, then applied to particular issues, in a highly informative and readable work for the economist and the financial analyst as well. Indeed, the educator inserts his own theory on long-term international balance and imbalance. He urges accord on economic principles for flexibility as to currencies, joint agreement on a "genuine low-tariff area", fusion of domestic and international policies.

Zebras Set High Goal for New Herds In NACM Membership Drive for Year

FIVE new Herds for the Royal Order of Zebras is a goal of the new administration following spadework in five cities by the National Corral officers of the past year, which saw Herds chartered in Dayton and Columbus.

W. A. WARE

Spearheaded by the 1960-61 Grand Exalted Superzeb, William A. Ware, of Van Waters & Rogers, Inc., Los Angeles, an intensive program is already underway to set a Zebra record in new memberships obtained for the National Association of Credit Management in the affiliated units.

Other New Officers

Joseph V. Vallero, National Auto Supply Company, East St. Louis, Ill., is the new vice GES, elected at the Silver Anniversary business meeting in St. Louis.

Here are the six Rangers chosen at the Credit Congress:

Atlantic, G. Rowland Wilson, Jones & Laughlin Steel Corporation, Pittsburgh; *North Central*, James Marsteller (reelected), The De Vilbiss Company, Toledo; *South Central*, Maurice T. Mansfield, E. H. Clarke & Bro., Memphis; *Eastern*, Bernard L. McElhinney, Joseph M. O'Callaghan Company, Boston; *Western*, Ken P. White, Blake, Moffitt & Towne, Oakland; and *Pacific*, V. L. Lewis, G. S. Parsons Company, San Diego.

Holmes Addresses Zebras

William L. Holmes, NACM 1959-60 president, attended the luncheon meeting and congratulated the organization on its membership achievements.

E. B. Moran, then executive vice president NACM and long a member of the Zebras' Foreign Legion, thanked the Zebras for their work the past year. After Larry R. Folda, L. R. Folda Company, Lemon Grove, Calif., had recalled the cooperation given him in his term as GES, Mr. Moran was voted a lifetime membership in the Zebras.

John G. dePass, National-U.S. Radiator Corporation, Johnstown, Pa., was presented a pair of sapphire cufflinks for his outstanding service in the past year. Officiating was Grand Councilor J. D. Sansoni, Avondale Marine Ways, New Orleans (picture in July CFM).

And Dudley R. Meredith, secretary and executive manager of The Credit Association of Western Pennsylvania, presented Mr. dePass two silver dollars from the Pittsburgh office—one each for the new Herds.

Zebratution Revised

GES dePass, in his annual report, noted the activity of Zebra Herds among the associations which won NACM membership honors. The Zebras' silver plate award this year was presented at a plenary session to James Orr, Owens-Richards Company, membership chairman of the Birmingham association. (Picture in July CFM)

Mr. Sansoni, on recommendation made at the Dallas Credit Congress, had revised the Zebratution in the year and copies were mailed all Zebrataries and national officers. At the St. Louis meeting additional minor changes were introduced by Pacific Ranger Norman H. West, of McCullough Tool Company, Los Angeles. On motion of Mr. Sansoni the National Corral instructed GES-elect Ware to incorporate them in the new Zebratution.

A. Bright Harris Headed Louisville Unit 1918-19

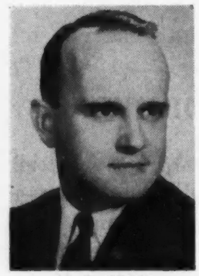
A. Bright Harris, who was president of the Louisville Credit Men's Association for the period 1918-19, passed away after long service to the organization. He had been an officer of the Otis Hidden Company.

Alfred Kruhm Dies

Alfred Kruhm, who retired a year ago as NACM collection-adjustment bureaus department director after 23 years of service to affiliated associations' secretary-managers, died of a heart attack shortly after being rushed to a hospital from his home in Kew Gardens, N.Y.

RMA Elects C. R. Reed After Knier Joins Bank on Coast

Clarence R. Reed, formerly assistant secretary, has been elected secretary and treasurer of Robert Morris



C. R. REED

L. T. KNIER

Associates, The National Association of Bank Loan Officers and Credit Men. The action followed the resignation as secretary and treasurer of Lawrence T. Knier, who has been executive manager of RMA since 1951 and secretary and treasurer since 1950. Mr. Knier will remain as executive manager until August 31, at which time he will become associated with the Security First National Bank of Los Angeles.

Mr. Reed joined the Associates' staff in June 1958 following graduation with distinction from the Wharton Graduate School, University of Pennsylvania, receiving his master's degree in business administration with a major in statistics and industrial management.

Rossway Heads Credit Group Of Hardware Manufacturers

William Rossway of J. Wiss & Sons, Inc., Newark, N.J., has been elected chairman of the National Hardware Manufacturers Credit Group, NACM.

Vice chairman is L. R. Buckelew, of Lufkin Rule Company, Middletown, N.Y.

The new committeemen are Raymond J. Arnold, Independent Lock Company, Fitchburg, Mass.; William T. Nash, Stanley-Judd Division, The Stanley Works, Wallingford, Conn.

Joseph J. Madden of Nicholson File Company, Providence, R.I., past director NACM, served as chairman pro tem following retirement of Harry C. Jackson of American Hardware Company, New Britain, Conn. A testimonial luncheon to Mr. Jackson was deferred until September because of his illness.

FORUM PROGRAM of the 110-member, 40-year-old New Orleans Chapter of the National Institute of Credit had as speakers Chester H. Lauck, executive assistant Continental Oil Company, the "Lum" of Lum and Abner's legendary "Jot-em-down Store", who philosophized on "Preservation of Our Economic Way of Life", and Fred J. Cassibry, city councilman, who discussed business growth of the area.

Left to right: O. J. Swanson, credit manager Continental Oil Co., and Mrs. Swanson; Mr. Lauck; Mrs. and Mr. Fillmore J. Delaup, credit manager Jones & Laughlin Steel Corp. Wholesale Division; Edmund G. Vaz, credit manager Wm. B. Reily & Co., Inc., Mrs. Vaz; A. G. Windemeyer, credit manager Chase Brass & Copper Co.; Mrs. Windemeyer; Mr. Cassibry; and Miss Marie Louise La Noue, assitant credit manager Times Picayune Publishing Co.

Men with Financial Training Sought for Top Jobs: Moran

Companies are turning more and more to men with financial training in picking their top management, Edwin B. Moran told the graduating class of the New York Institute of Credit at the 41st annual banquet and commencement.

"We have seen a change in the thinking and general direction of management in the past half century", Mr. Moran declared. "Back in World War I days, production was uppermost in the minds of top management, and business then was run predominantly by men who had risen through production. Next, as production increased in efficiency, knowledge of the distributive function became paramount, and top management generally was taken from sales, promotion and merchandising.

"More recently we have observed a trend toward selection from the field of finance. Today's perplexities, involving financial and cost problems and complicated tax requirements, as well as protection of assets, have generated this new trend. Today's graduating students of credit and financial management are to be congratulated for preparing for future management in American industry."

The New York Institute of Credit, current enrollment 600, is conducted in close cooperation with the New York Credit and Financial Management Association.

Work hard—the job you save may be your own.
—N. A. Rombe

AT THE GRADUATE SCHOOL ***annual dinner in San Francisco. Left to right: Paul Davis, Stanford Research Institute, member of faculty of Stanford University NACM Graduate School of Credit and Financial Management; George C. Shervey, Hawaiian Pineapple Co., Ltd., San Jose; A. J. Ashmore, U.S. Steel Supply Division, U.S. Steel Corp., treasurer Credit Managers Association of Northern and Central California; C. E. Swanson, executive manager-secretary of the association; and E. B. Moran, NACM executive vice president, the guest speaker. (Article in May CFM page 40).***

JOHN P. McLAUGHLIN ***(right), newly elected president of the Credit Managers Association of Southern California, with M. F. Miller (left), Foremost-Golden State Dairies, whom he succeeds, and Lee J. Fortner, association executive vice president. Mr. McLaughlin, general credit manager and assistant treasurer of Richfield Oil Corporation, Los Angeles, is a past president of the American Petroleum Credit Association.***

Credit Manager a "Peach of a Sculptor"

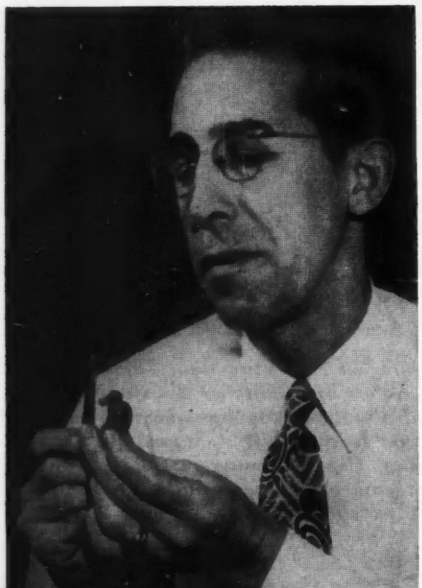
LIGHT-COLORED carvings in the group above are plastic, but the others are from R. J. Streit collection of intricately carved peach stones. The books and bookends at the right were fashioned from a block of acrylic plastic.

THE ARTISTRY of Robert J. Streit, credit manager of Kimberly-Clark Corporation, Neenah, Wis., in carving intricate figures from peach stones, was the subject of a full-page attention by *Popular Mechanics* in a recent issue of the magazine.

Wrote Don Oliver of Mr. Streit's accomplishment, under the heading "Peach-Stone Sculptor":

"Robert J. Streit of Neenah, Wis., makes a hobby of a specialized branch of sculpture—he carves peach stones. He claims that it isn't really sculpture—just carving—but shaping rock-hard peach stones into the objects shown is the work of a real artist.

"Streit allows the stones to dry thoroughly, then removes most of the crevices with a file before going to work with his collection of over 40 jeweler's files and power tools. He uses a jeweler's magnifying glass for the most delicate work. He polishes the finished carvings with a buffer to get a gemlike luster."



MR. STREIT adds final touches to the figurine of a "hear no evil" monkey. He spends 2 to 15 hours on an individual carving, depending on detail.

PHOTOS BY POPULAR MECHANICS

M. E. Bruce Heads Southwest Petroleum Credit Association

M. E. Bruce, credit manager Humble Oil & Refining Company, Humble division, Houston, has been elected president of the Southwest Petroleum Credit Association. He succeeds S. J. Barrett, credit manager Mobil Oil Company, Dallas. Mr. Bruce, a graduate of the NACM Graduate School of Credit and Financial Management (Stanford '55), had the distinction in 1958 of being the only participant to accurately forecast the midyear Wholesale Price Index for All Commodities (CFM September 1958, p. 11). More than 100 executives participated in the forecasts.

M. E. BRUCE

Year's Earnings of Insured Commercial Banks up 17.9%

Net current operating earnings of the nation's 13,114 insured commercial banks rose to a record $3,405 millions in 1959, an increase of 17.9 per cent over 1958, chairman Jesse F. Wolcott of the Federal Deposit Insurance Corporation, Washington, D.C., reported. However, net profits after taxes fell below the peak of the previous year, due in large part to the sale of bank holdings of securities at a loss.

One-Twenty-One Club Elects

Robert J. Cahn of Commercial Factors Corporation has been elected president of the One-Twenty-One Credit Club, Los Angeles, succeeding James R. Russo of Congress Factors California Corporation. Other officers are Warren Pine, United Factors Corp., vice president; Robert B. Phillips, Security First National Bank, secretary; and Richard A. Cornair, The Estey Electronics Corp., treasurer.

G. O. Daniel Retires; Aided Georgia Public Works Bill

George O. Daniel, assistant treasurer and general credit manager Horne-Wilson, Inc., Atlanta, has retired after 36 years with the company. Widely known for his activity in the plumbing and heating industry, Mr. Daniel held every office in the Georgia Association of Credit Management, Inc. and was president in 1944. He served three years on the Credit Interchange Board of Governors. In 1956 he sat with the Georgia Legislative Council and helped revise the Georgia Public Works Bond Act along with the Georgia lien law.

G. O. DANIEL

J. H. Keplinger at Phoenix Steel

J. H. Keplinger, whose article on counseling of customers appeared in the symposium in the July issue, (page 9), is credit manager and assistant secretary of Phoenix Steel Corporation, Harrisburg, Pa.

AT ANNUAL MEETING of Kansas City Wholesale Credit Association Left to right: Harry Barrentine, Skelly Oil Co., second vice president; Miss Mary Norman, president of the Women's Group; Ralph Dye, Trader National Bank first vice president, and Mrs. Dye; Mrs. Fred J. Barnett and Mr. Barnett, of Black, Sivalls & Bryson, Inc., outgoing president; Edwin B. Moran, NACM; Mrs. William D. Sweeney and Mr. Sweeney, of Barada & Page Company, branch of McKesson & Robbins, president-elect; and Mrs. and Mr. O. D. Cunningham.

THE GAVEL changes hands. W. D. Sweeney (right) is inducted as president of the Kansas City Wholesale Credit Association. F. J. Barnett, credit manager of Black, Sivalls & Bryson, Inc., outgoing president, does the honors.

Mr. Sweeney, credit manager of Barada & Page Co. branch of McKesson & Robbins, Inc., left the War Assets Administration's credit department to enter the accounting department of Barada & Page, and became credit manager. At the merger with McKesson & Robbins he was named credit manager of the southwest district chemical department.

He attended Rockhurst College and took credit courses of Kansas University's extension school.

Household Finance Subsidiary Opens College Credit Program

A new nationwide student financing plan is projected by Household Finance Corporation, with formation of a subsidiary, Education Funds, Inc., in a universal college credit program.

The press conference in New York explored the field of higher education as a market for the $40 billion consumer finance pool, to help parents finance their youngsters through college in the face of climbing tuition costs and rising enrolments.

Speakers were H. E. McDonald, president of Household Finance and Education Funds, Inc., Earl D. Larsen, treasurer of the parent corporation; H. W. Van Baalen, vice president and chief operating officer of the subsidiary, and Dr. Ernst A. Dauer, director of research.

Tax Write-offs for Research Facilities and Outlays Urged

Federal government must give industry incentives for increased basic research by changes in the tax laws, or the "results could be very serious indeed," declared Mark W. Cresap, Jr., president of Westinghouse Electric Corporation, addressing the Economic Club of Detroit.

U.S. Leadership and Capital Needed by Asia: Champion

"American capital and managerial leadership" are greatly needed in free south and southeast Asia and "the time is ripe" to assist those countries to a strong free enterprise, aid which cannot come solely from government, declared George Champion, president of The Chase Manhattan Bank, New York, speaking in Detroit. Mr. Champion pointed out Pakistan, Malaya and Thailand as outstanding examples of countries in the area which have adopted new investment laws and policies to provide more encouragement and equitable treatment for foreign investors.

DECISION ***to establish a regional bureau of the National Association of Credit Management in Norfolk, Va., was taken by the Norfolk Tidewater Association of Credit Management following conferences with Beverly H. Badger, NACM field representative. Left to right: Joseph S. Stanley, assistant vice president and head of the credit department of National Bank of Commerce; Kenneth G. Wyatt, credit manager Norfolk-Portsmouth Newspaper, Inc., and Mr. Badger. Mr. Wyatt is treasurer of the Tidewater Association, of which Herman T. King is president, Henry Krick vice president and Robert S. Boyd secretary.***

CALENDAR OF EVENTS IMPORTANT TO CREDIT

HANOVER, NEW HAMPSHIRE
July 31-Aug. 13
Dartmouth College Session of the NACM Graduate School of Credit and Financial Management

SAN ANTONIO, TEXAS
September 15-17
Annual Southwest Credit Conference, including Texas, Arizona, Arkansas, Louisiana, New Mexico and Oklahoma

FORT WAYNE, INDIANA
September 22-23
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

ST. PAUL, MINNESOTA
September 23-24
North Central Credit Conference including Minnesota, North Dakota, Manitoba

DENVER, COLORADO
September 25-28
46th Annual Fall Conference of Robert Morris Associates

NEW YORK, NEW YORK
September 29-30
New York Credit Management Workshop

ATLANTA, GEORGIA
October 12-14
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

NEW YORK, NEW YORK
October 9-12
36th Annual Conference of American Petroleum Credit Association

LOUISVILLE, KENTUCKY
October 14-16
Twentieth Annual Midwest Credit Women's Conference

DES MOINES, IOWA
October 19-21
Tri-State Credit Conference, representing Iowa, Nebraska and South Dakota

SAN DIEGO, CALIFORNIA
October 20-21
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

BALTIMORE, MARYLAND
October 20-22
NACM Eastern Division Credit Conference

PHOENIX, ARIZONA
October 24-26
Annual Meeting of Western Division Secretary-Managers

CINCINNATI, OHIO
October 27-28
Ohio Valley Regional Credit Conference, including Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

SEATTLE, WASHINGTON
March 15-17, 1961
Conference of the Credit Executives of the Pacific Northwest, including Idaho, Oregon, Washington, and British Columbia

PORTLAND, OREGON
March 16-18, 1961
Pacific Northwest Credit Conference including Idaho, Oregon, Washington and British Columbia.

DENVER, COLORADO
May 11-13, 1961
NACM Secretary-Managers Annual Conference

DENVER, COLORADO
May 14-18, 1961
65th Annual Credit Congress

Motor and Equipment Makers Explore New Foreign Markets

New areas of exports to foreign automotive aftermarkets were explored by members of the Motor and Equipment Manufacturers Association, at a New York seminar on "How to Sell Overseas", first of a semiannual series in connection with the association's export marketing group. Four sessions in two days covered marketing, financing, setting up license operations, and "when direct investments abroad are more suitable." Philip J. Gray, secretary of the National Association of Credit Management and director of its Foreign Credit Interchange Bureau, was a panelist at the marketing session.

The following countries were adjudged most desirable for licensing, in the order named: United Kingdom, France, Germany, Japan, Italy, Mexico, Brazil, Venezuela, Colombia and Australia.

New Zealand also is beginning to be included because of its ample labor supply, panelists said. The Union of South Africa was termed a "good" licensing country despite the current turbulence. Argentina was described as having "great prospects". Members were warned that any shipments to Cuba be made solely on a letter of credit basis.

Thomas S. Rose, assistant treasurer Sealed Power Corp., Muskegon, Mich., is MEMA president. He is a life member of the NACM Graduate School Alumni Association.

H. J. Kneuker Is Trustee Credit Research Foundation

Harold J. Kneuker, assistant treasurer American Machine & Foundry Company, New York, vice president in charge of research for the Credit Research Foundation, Inc., National Association of Credit Management, also is a trustee of the Foundation. This information was inadvertently omitted in the report published in the July issue, page 33.

AT THE ANNUAL DINNER of the Toppers Credit Club, Inc., New York, the "Top Hat" award was presented to Jack Perl of Naitove Factors. Left to right: William Bode, Commercial Factors Corp.; Raymond Dougherty, North American Rayon Corp.; James Malloy, National Credit Office, Inc.; Irwin Naitove, Naitove Factors Corp.; Mr. Perl; Edwin Fox, The Hanover Bank; and Harry Fuchs, Rosenthal & Rosenthal, Inc.

Chicago Credit Executives at Bankruptcy Fraud Discussion

Credit executives were guests of the Chicago Members Association of the Commercial Law League of America at a panel discussion of the mechanics of unearthing different types of bankruptcy fraud, gathering evidence, and cooperating with the Federal Authorities.

The panelists were Robert Tieken, U.S. attorney-northern district of Illinois; James B. Parsons, assistant U.S. attorney who headed the successful prosecution of the Mercury Wholesale Sales case; and Donald S. Manion, assistant U.S. attorney in charge of bankruptcy fraud prosecutions. Harold S. Lansing, of Blanksten & Lansing, attorneys, was moderator.

Mr. Parsons and Mr. Lansing last winter participated in the bankruptcy panel session conducted by The Chicago-Midwest Credit Management Association, with John C. Fredell, counsel and director of NACM'S Fraud Prevention Department, as a speaker.

Stockton Unit Credit Seminar Draws Sales, Office Personnel

Sales and general office personnel participated along with credit personnel in a successful seminar conducted by the education committee of the Credit Managers Association of Northern and Central California, at Stockton. Companies arranged for personnel from departments other than credit to attend the meetings which were planned to inform and assist personnel in the considerations that influence the credit decision.

Specialist-moderators and panelists in the series of meetings defined and discussed "The Application for Credit," "The Financial Statement," "How to Secure the Sale" and "How to Get the Money." P. H. Rempel, controller and credit manager, Dunlap Electronics, Inc., Stockton, is chairman of the education committee and E. M. Bish is manager Stockton office of the association.

Cites Trends of Import Competition in U.S. Mart

Exports from other highly industrialized countries, exports from developing countries, and exports from the Soviet bloc are three elements cited by Harvard University economist Raymond Vernon "which could have major impact on the United States' markets in the decades ahead." As labor-cost content in the product becomes more significant, prior trends will be reversed and autos, radios, washing machines and refrigerators will be coming into rather than leaving the United States, he declared before a session of the international outlook at the meeting of the National Industrial Conference Board, in New York City.

Personnel Mart

Credit Executive Available

URGENTLY DESIROUS of making change—15 years experience all phases credit, collections, office and personnel management. Excellent references. Will relocate; no objection to travel. Age 34. CFM Box #507.

Credit Executive

DESIRES CREDIT MANAGEMENT POSITION—now assistant credit manager for $40 million Industrial Sales. Seven years experience in Statement Analysis, Collections, all phases. Will relocate. Resumé tells more. Write CFM Box #508.

Credit, Marketing and Research Executive

FIFTEEN YEARS experience as Manager, Credit Department, Assistant Secretary of 2 related corporations, fully qualified for top level management position, B.S. and M.S. degrees. Age 40, will relocate and travel. Write CFM Box #509.

Credit Manager Available

11 years diversified credit experience Manufacturing, multiplant textiles; Broadcasting; Factoring; Knowledge IBM systems. College: Bus. Admin.; Acctg. Age 30, prefer Southwest, travel. Resume on request. CFM Box #510.


F. J. ROBINSON

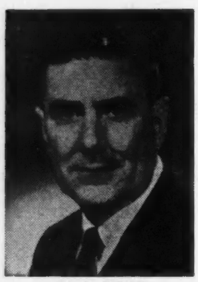

S. G. CALDER

Executives in the News


A. I. HAKERT


L. G. WALKER


K. S. THOMPSON


F. J. ROSS

S. G. Calder Is Advanced By Union Bag-Camp Paper

Stanley G. Calder, named treasurer Union Bag-Camp Paper Corporation, New York City, began with the company in 1955 as assistant to the secretary-treasurer. He advanced to assistant treasurer in 1957. Earlier he had been with John C. Paige & Company. Mr. Stanley attended Dartmouth College and was graduated from West Point. A tournament golf player, he holds a number of championships.

F. J. Ross, Sears Roebuck, Is Named a Vice President

Frank J. Ross, general credit manager since 1959 of Sears, Roebuck & Company, Chicago, has additionally been named vice president. Mr. Ross's entire career has been in credit. He went with Sears, Los Angeles, in 1936 from the Bank of America. He was Pacific Coast territory credit and collection manager for three years before transfer to Chicago in 1955 as assistant general credit manager.

Mr. Ross is a director Merchants Research Council and the credit management division National Retail Merchants Association, and member Chicago-Midwest Credit Management Association.

Second Time "At Bat" for Montana Drug Executive

Recently elected president of the NACM Montana-Wyoming Unit, Arthur I. Hakert served an earlier term as president of the Billings unit, in 1948. Mr. Hakert's education and experience are rooted in a deep respect for facts and figures. A graduate of the University of Wyoming, with B.Sc. degree in accounting and statistics, Mr. Hakert was in the public accounting field for several years. From a beginning in 1944 as accountant, he presently serves McKesson & Robbins, Inc. drug division as operations and credit manager in the Billings office.

Texas Unit Leader Versed In Accountancy, Wholesaling

Lyman G. Walker, since 1954 office and credit manager Gulf Hardware & Supply Company, Corpus Christi, has been named president of Coastal Bend Association of Credit Management, Inc., that city. Mr. Walker's career includes six years in public accounting and as office and credit manager with Mopar Parts Distributor, Houston. Prior to 39 months' military service, principally in Europe, he had been in the oil industry.

Mr. Walker is senior warden of Del Mar Lodge, A.F. & A.M. He admits to "fishing whenever the opportunity arises."

Just how good a red-hot idea is usually depends on how much heat it retains when somebody throws cold water on it.

—N. A. Rombe

Pacific Northwest Executive Served Marine, Army Corps

Born in Minnesota, educated in North Dakota, Fred J. Robinson, current president Tacoma Association of Credit Men and Wholesalers' Association of Tacoma, migrated westward to the coast where he now is branch manager of Consolidated Dairy Products Company, Tacoma. On return from service with both Marine and Army Air Corps in the period 1941 to 1946, Mr. Robinson went with a produce company, leaving in 1948 to go with Consolidated Dairy as a salesman in Yakima. Mr. and Mrs. Robinson have eight children.

Industry-Bank Objectives Mutual, West-Coaster Says

For K. Stanley Thompson, the new president of the Credit Managers Association of Northern and Central California, objectives of banking and industry are reciprocal. Mr. Thompson is vice president Wells Fargo Bank-American Trust Company, San Francisco, and recently was appointed manager of the new Crown-Zellerbach branch in that city. He is a member Robert Morris Associates.

A native of Wisconsin and graduate of Northwestern University, Mr. Thompson was with a Chicago bank for several years before going with Wells Fargo-American Trust on the coast.

ARE *YOUR*

CREDIT FILES UP-TO-DATE?

KEEPING Credit Files up-to-date during rapidly changing conditions is one of the difficult tasks facing Credit Executives today. Financial Statements provide the frame-work around which to build credit files. But such Financial Statements must be up-to-date and reflect the condition of your customers at frequent intervals.

The Form shown is one of the many forms developed by the National Publications Sales Committee. It is applicable for both new accounts and small accounts already established.

It is simplified in design and carries the seal and approval of the National Association of Credit Management.

Included in this Form is a section for "Description of Insurance Protection Carried."

ACCOUNT REVIEW

To:____________________ ← NAME OF FIRM Requesting Statement

The following information is submitted for your consideration as a basis for the extension of Credit to us:

The name of our business is____________________

We operate____________________ business. We have been established years.
(State type and nature of business)

Ours is a: Corporation ☐ Co-Partnership ☐ Limited Partnership ☐ Individual Business ☐

We are incorporated under the state laws of____________________

The principal owners or stockholders and officers are, etc., etc.

NAME	ADDRESS	CITY

We bank at____________________

Account carried under____________________

Our tax returns have been cleared with the taxing authorities through 19____.

We expect our monthly credit requirements from you to be about $________.

DESCRIPTION OF INSURANCE PROTECTION CARRIED

Kind	Amount	Kind	Amount
Fire Insurance on:		Employee Fidelity Bonds	
Merchandise		Burglary Insurance	
Buildings		Forgery	
Furniture & Fixtures		Life Insurance for benefit of business	
Business Interruption		Accounts Receivable	
Liability Insurance on:		Miscellaneous:	
Premises			
Autos			
Products			
Contractual			

YOU MAY REFER TO OUR PRINCIPAL SOURCES OF SUPPLY LISTED BELOW

Name	Address	City	State

Form No. 3C (This Form Approved and Pu

Date____________, 19__

The following figures set forth our present financial standing and business operation upon which you may rely for the purpose of establishing our credit:

CURRENT ASSETS:

Cash on hand and in banks . . . . $______
Due from customers . . . . . . ______
Cost value of merchandise on hand . . ______
Other current assets . . . . . . ______
TOTAL $______

CURRENT LIABILITIES:

Bank loans payable within a year . . ______
Tax obligations due . . . . . . ______
Due to merchandise creditors . . . . ______
Other debts due within a year . . . ______
TOTAL $______

FIXED ASSETS:

Business equipment . . . . . . ______
Land used in business . . . . . ______
Buildings used in business. . . . . ______
Other assets . . . . ______
TOTAL $______

INDEBTEDNESS NOT DUE WITHIN A YEAR:

Chattel Mortgages due on merchandise . ______
Chattel Mortgages due on other assets . ______
Real Estate Mortgages . . . . . ______
Other long term debt. . . . . . ______
TOTAL $______

NET WORTH: . . . . ______ $______

Monthly Sales Volume . . . . . . ______
% of Sales made on credit . . . ______
% of Sales at retail . . . . . ______
% of Sales at wholesale . . . . ______
% of Sales on time-payment plan . . ______
Peak season of year . . . . . . ______
Date of last physical inventory . . . ______
Profit shown latest U. S. Income Tax Return ______

Our firm is financially able to meet any commitments we have made and we expect to pay your invoices according to your terms.

Name of Firm or Corporation____________________

Street__________ City__________ Zone____ State______

Date__________ Signed by____________________

Title____________________

PLEASE REFER TO THE OTHER SIDE OF THIS FORM WHICH IS A PART THEREOF.

A Financial Statement Form for every type of business is offered by the National Association of Credit Management

Write for Free Sample Book showing the Statement Forms available

PUBLICATIONS DEPARTMENT

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